

# **Note on Deferred Revenue Recognition – Q1 2025**

In Q1 2025, The WP Community Collective recognized \$2,024.00 in previously deferred membership revenue as earned income. These funds were originally received in 2024 for membership benefits to be delivered in 2025. The WPCC began delivering membership benefits at the start of the calendar year; thus, the revenue was recognized on the Q1 2025 Profit & Loss Statement.

No portion of the \$520,000 in deferred sponsorship revenue (received in 2024) was recognized in Q1 2025. This sponsorship supports a year-long initiative beginning later in the year, and the associated deliverables had not commenced during the first quarter. The sponsorship funds remain recorded as a current liability (Deferred Revenue) on the Balance Sheet and will be recognized proportionally as programmatic services are delivered throughout the 2025 fiscal year.

This treatment supports a clean matching of revenue to service periods and aligns with IRS Revenue Procedure 2004-34.