

Revenue Recognition Appendix A - Quick Reference Guide

	Accounts Receivable	Deferred Revenue	Nonrefundable Deposits	Refundable Deposit
<b>When is it needed?</b>	When Harvard ships goods or performs services BEFORE the customer pays for them, Harvard recognizes the revenue and records an ACCOUNT RECEIVABLE asset	When the customer pays BEFORE Harvard ships goods or performs services and Harvard won't provide the goods/service until the next quarter, Harvard records a DEFERRED REVENUE liability until it actually ships the goods or performs the services	When the customer pays a nonrefundable deposit on goods or services BEFORE Harvard provides them, Harvard records a DEFERRED REVENUE liability until it actually ships the goods or performs the services.	When the customer pays a refundable deposit (like a security deposit on a lease) that will be returned to the customer at the end of the lease or other agreement, Harvard records a DEPOSIT liability until the end of the related lease or other agreement.
<b>How do I record it?</b>	Process a journal entry: DEBIT other accounts receivable asset (0130-0299) CREDIT revenue (4000-5899)	Deposit check/cash on a credit voucher: DEBIT cash 0010* CREDIT deferred revenue liability (2600-2613)	Deposit check/cash on a credit voucher: DEBIT cash 0010* CREDIT deferred revenue liability (2480-2599)	Deposit check/cash on a credit voucher: DEBIT cash 0010* CREDIT deposit liability (2480-2599)
<b>When do I reverse the original entry?</b>	Reverse/reduce the account receivable when Harvard receives the customer payment.	Reverse the deferred revenue liability and recognize the revenue when Harvard ships goods or performs services.	Reverse the deferred revenue liability and recognize the revenue when Harvard ships the goods or performs the services.	Reverse the deposit liability when the deposit is returned to the customer, generally at the end of the lease or other agreement.
<b>What is the reversal entry?</b>	DEBIT cash 0010* CREDIT accounts receivable asset (0130-0299)	DEBIT deferred revenue liability (2600-2613) CREDIT revenue (4000-5899)	DEBIT deferred revenue liability (2480-2599) CREDIT revenue (4000-5899)	DEBIT deposit liability (2480-2599) CREDIT cash 0010*
<b>Examples</b>	Rent, trademark revenues: record as revenue when service performed, reduce receivable when customer payment is received	<ul style="list-style-type: none"> <li>Subscription revenues paid in advance: defer based on months subscription provided versus total months in subscription period, recognize revenue monthly</li> <li>Advance ticket sales: defer until event takes place, then recognize the revenue</li> </ul>	<ul style="list-style-type: none"> <li>Admission deposits: defer until students begin classes, then recognize the revenue</li> <li>Advance deposits for events/functions: defer until event/function takes place, then recognize the revenue</li> </ul>	Security or other lease-related deposits: record as liability until lease term ends and amount is returned to customer

\*Object code 0010 "Cash" is debited on the Central Bank's balance sheet and a due to/from entry is created crediting object code 0375 "CO^Due to/from Tub" on the Central Bank's balance sheet and debiting object code 0375 on the appropriate tub's balance sheet.