



Annual Year-End Fact Sheets - Unearned Revenue Reference Tool

This reference tool provides definitions, examples, and explanations which will hopefully be helpful when completing the Unearned Revenue worksheet within the Fact Sheet Excel Attachment. If you have any questions as you read through this document, feel free to reach out to the applicable subject matter experts within University Accounting and Financial Reporting (UAFR) located in the link below:

- **Fact Sheets – UAFR Who to Ask List:** <https://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/types-questions#fact-sheets>

Unearned Revenue - Definition

Unearned revenue (also known as deferred revenue) is a general ledger liability used to account for revenue recorded in Banner on or before June 30 from sales made to **external** customers (**not** other University units) which will not be earned until the following fiscal year. In other words, the goods or services which the University received payment for in the current fiscal year will not be provided to the external customer (and thus will not be earned) until the subsequent fiscal year.

Examples of What Should and Should Not Be Reported as Unearned Revenue

The following are some common examples of transactions that should be recorded as unearned revenue on the Year-End Fact Sheet:

- Revenue received on or before June 30 from external customers for services which will not be provided to the customer until the subsequent fiscal year (such as conference registration fees when the related conference will not take place until the following fiscal year).
- Revenue received on or before June 30 from students who are paying fees related to study abroad trips which will take place in the subsequent fiscal year.
- Revenue received on or before June 30 from students who are paying for summer course fees which are recorded in a self-supporting fund.
- Revenue received on or before June 30 from University employees who are paying fees related to parking services which they will receive in the subsequent fiscal year.
- Revenue received on or before June 30 from external customers for the sale of goods which will not be provided to the customer until the subsequent fiscal year.

It is also important to be aware of common examples of transactions that should **NOT** be recorded as unearned revenue on the Year-End Fact Sheet, as we have seen units erroneously report these as unearned revenue in the past. See below for examples of transactions which should **NOT** be reported as unearned revenue:

- Revenue received from other University units should **NOT** be reported as unearned revenue on the Year-End Fact Sheets. Unearned revenue should only be recorded for sales made to **external** customers (such as external companies, members of the general public, students, employees, etc.) to help ensure proper financial statement reporting.
- Revenue received from application fees (such as a nominal application fee received from potential students who are applying for admission into the University) should **NOT** be reported as unearned revenue on the Year-End Fact Sheets. Since the University typically provides the service which the payee is paying for within the same fiscal year (i.e., reviewing their application for acceptance), the University typically earns this fee within the same fiscal year that the payment was received (even if the application relates to a future academic year).
- Deposits received from customers (such as key deposits, damage deposits, event deposits, or any other type of deposit that we are simply holding for potential losses and which will probably be eventually returned to the customer) typically should **NOT** be reported as unearned revenue on the Year-End Fact Sheets. Instead, these should simply be recorded as a deposit in a general ledger account code such as 61810, "*Deposits – Other*" or 61811, "*Deposits – Events*".
- Payments received for gift cards or gift certificate sales should **NOT** be reported as unearned revenue on the Year-End Fact Sheets. Instead, these payments should be deposited at the time of receipt into general ledger account code 61716, "*Unearned Revenue – Unredeemed Gift Cards*". This ensure that the gift card sale proceeds are properly recorded as a liability from the time which they are sold. When the gift cards are eventually redeemed, then those deposits would then be re-classified to the proper revenue account code.

Completing Your Fact Sheet

Now that you've had an overview of the various definitions and examples which apply to this area, we are now ready to complete the Fact Sheet Excel Attachment. However, before we start to go through these required fields, please keep in mind the tips below:

- Make sure you are using the most recent version of the Fact Sheet Excel Attachment, which can be downloaded from the following web page:
<https://www.obfs.uillinois.edu/accounting-financial-reporting/year-end-procedures/fact-sheets/>
- When copying data over from another spreadsheet, paste the information into the Fact Sheet Excel Attachment using the **Paste Values** option. This will help ensure the formatting and formulas on the Fact Sheet Excel Attachment are not altered.

Step 1: C-FOAPAL Information

Enter the complete C-FOAPAL in Columns A through G. This should be the same C-FOAPAL that was used when making the initial deposit of the payment received from the customer.

- The full C-FOAP (i.e., the Chart, Fund, Organization, Account, and Program code) is **required** to complete the year-end adjusting entries to Banner. However, the activity code and location code are optional.
- Enter an Account code which accurately reflects the activity of the transaction generating the unearned revenue. For example, if you received payments from customers who were registering for a University conference, then we would typically expect to see an appropriate revenue account code (such as 305300, "*Seminar and Conference Revenue*") listed on the Fact Sheet Excel Attachment to properly reflect the nature of that transaction. If you need assistance in finding an appropriate Account code to use, refer to the *Account Code Search* application located in the web page below:
 - **Banner Account Codes Webpage:** <https://www.obfs.uillinois.edu/accounting-financial-reporting/banner-account-codes/>
- See the table below for an example of what we would expect to see listed for a full C-FOAP. As you can see in these examples below, each field is properly completed, and an appropriate revenue account code is listed on each line to appropriately represent the nature of the transaction. In this example below, the first line item represents unearned revenue from conference registration fees (305300, "*Seminar and Conference Revenue*"), while the second line item represents unearned revenue from a recreational event (304500, "*Recreation and Event Sales Revenue*):

| Chart | Fund | Organization | Account | Program |
|-------|--------|--------------|---------|---------|
| 9 | 300300 | 123000 | 305300 | 123001 |
| 9 | 300300 | 123000 | 304500 | 123001 |

Step 2: Amount

Enter the total amount received in Column H. Keep in mind that if the unearned revenue relates to a transaction that may span a range of days (such as a service, conference, etc.), then make sure to enter the **total amount** of the revenue received as of June 30, along with the applicable date range in columns M – N (this will be discussed in more detail in **Step 6**). The spreadsheet will then factor in the total amount of the revenue and will automatically calculate the correct amount of the unearned revenue based on the number of days in each fiscal year for that date range.

For example, if you received payments totaling \$10,000 from various customers to register for a University conference which ran from June 29 – July 2, then you would enter the full \$10,000 into the *Amount* column, you would enter the applicable date ranges in columns M and N, and the spreadsheet would then be able to calculate the proper amount of the unearned revenue for you.

Step 3: Banner Document Number and Banner Transaction Date

If available, enter the related Banner Document Number and Banner Transaction Date into Columns I and J. For example, if you received payments from customers for conference registration fees and deposited those payments through the Bursar’s Cashier Office on or before June 30, then then you would have a Banner Document Number and Banner Transaction Date to reference in these two columns.

We would expect that this Banner Transaction Date would be in the current fiscal year, using the MM/DD/YYYY format. If the revenue actually was received from the customer on or after July 1, then it is not unearned revenue as we did not receive payment from the customer on or before June 30.

See below for a few other tips to keep in mind when completing these two columns:

- Banner page FGIBDST can be used to drill down and search for the related Banner Document Number (which would typically be a document starting with “F” if deposited through the Cashier’s Office, or “CC”, “CR”, or “GP” if the sale came from a credit card transaction) and Banner Transaction Date, if available. Simply go to the revenue account code line item that you believe the revenue may have posted to within the new fiscal year, and drill down to the detail using the F3 key.
- If a Banner Document Number and Banner Transaction Date is not available (or if there are too many to choose from and you’re not entirely sure which Banner Document Number relates), then you can leave these fields blank or simply list “Various” in the Banner Document Number field. Although not ideal, UAFR can still make deferral entries with this information.
- Make every effort you can to itemize your unearned revenue amounts on a line-by-line basis if at all possible, and include any details you may have related to the unearned revenue on each line item (such as the Banner Document Number and Banner Transaction Date).
- Enter the Banner transaction date of the Banner document in a MM/DD/YY format. Note that you should be using the Banner transaction date, **not** the Banner activity date.

See below for some examples of what we’ve seen in the past for these fields:

| Banner Document Number | Banner Transaction Date |
|-------------------------------|--------------------------------|
| Various | |
| CC012345 | 5/18/20 |
| F0123456 | 5/5/20 |

Step 4: Name of the Customers or Revenue-Generating Event

Enter the name of the related customer (or the name of the related event which generated the unearned revenue, if there are too many customers to list) into Column K. See the example below for a sample of what we've seen in the past:

| Name of the Customer or Revenue-Generating Event |
|--|
| Thomas Smith |
| ABC Company |
| XYZ conference (300 attendees) |

Step 5: Description of the Unearned Revenue

Enter the description of the unearned revenue in Column L. Try to be as clear and transparent as possible. See below for some common examples of acceptable descriptions for this field:

| Description of the Unearned Revenue |
|--|
| Registration Fees for October Conference |
| Event Ticket Sales |
| Course Fees for Summer Term |

Step 6: Start Date and End Date of Service Period Covered by the Sale

Enter the start date and end date of the service period covered by the transaction in Columns M and N. Or, if you were selling goods instead, then enter the date that the customer took ownership of the goods in both columns. For example, if you received payment from the customer on or before June 30 but did not provide the goods to the customer until 7/3, then you would enter that 7/3 date in a MM/DD/YYYY format in both columns.

See below for some additional tips:

- The service dates should end on or after July 1 of the subsequent fiscal year. If the **end** date was any time **before** July 1, then the transaction should **not** be listed as unearned revenue, as that transaction would relate to the current fiscal year.
- If the unearned revenue relates to the sale of goods, then the start and end date would typically be the same date (i.e., the date that the customer took ownership of the goods).

See the table below for some common examples, where the first line item is for payments

received for a University conference running from 6/28 – 7/2 and where the second line item is for the sale of goods where the University received payment on or before June 30 but did not provide the goods to the customer until 7/3:

| Start Date of Service Period Covered by the Sale <i>(if applicable)</i> | End Date of Service Period Covered by the Sale <i>(if applicable)</i> |
|--|--|
| 6/28/20 | 7/2/20 |
| 7/3/20 | 7/3/20 |

Step 7: Review the Calculated Amounts in Columns O - R

Once you have completed all of the necessary columns on this spreadsheet, your final step is to review the amounts which the spreadsheet has calculated in the areas with yellow shading within Columns O through R. These are the calculated amounts which UAFR will be using to post the final adjusting entries to Banner. It's helpful to review these to get yourself familiar with the amounts that will be recorded to your Fund in Banner, as well as to make sure the amounts do not greatly differ from what you were expecting to see.

Step 8: Save and Upload the Fact Sheet Excel Attachment to the Fact Sheet Application

The final step in this process is to save your updated Fact Sheet Excel Attachment (e.g., to your desktop or shared drive) and to then upload the completed Fact Sheet Excel Attachment to the Fact Sheet Application.

Also, before officially uploading your spreadsheet, be sure to review the other tabs of the Fact Sheet Excel Attachment to see if you have any other accruals, deferrals, or inventory for resale to report as well.

Then, once you've confirmed that all items have been properly added to your Fact Sheet Excel Attachment, you would then need to upload the updated spreadsheet to the applicable Fund's Fact Sheet within the Fact Sheet application and then submit to UAFR for review.

Note that UAFR commonly has questions, so also make sure that you are available for any subsequent questions that may come from UAFR.