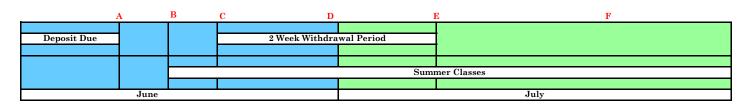
Facts:

The institution has a fiscal year that occurs during the middle of a semester (summer session). The student pays the \$1,000 nonrefundable deposit upon acceptance to enroll. Once the student enrolls, the institution generates a \$9,000 invoice for the remaining balance which is due two weeks prior to the start of classes. In this particular example, the student never paid the \$9,000 invoice before classes started. Instead the student paid the invoice after classes have started. The semester spans a period of 100 days and the withdrawal period is the first two weeks of classes. Student withdrawals from 1 class during the withdrawal period. The institution estimates a 10% refund rate and uses the portfolio approach.



				_			
A	Student pays \$1,000 non-refundable deposit. Cash Contract Liability (Deferred Revenue)	DR	CR	C - 2	Alternative - Institution provides first day of class. However assume the student never paid their enrollment deposit.		
В	Student enrolls in classes and remaining tuition bill of \$9,000 is sent to student.	DR	CR_		Contract Asset Revenue	DR	CR
	No entry is recorded because revenue recognition commenced (revenue recognition will commence when start).			D	Institution's fiscal year end closes.		
C - 1	Institution provides first day of class. No payment has been received from the student other than the enrollment deposit.				After the end of week 2, the withdrawal period has Accounts Receivable Contract Liability (Deferred Revenue)	ended. DR	CR
	Contract Liability (Deferred Revenue) Revenue	DR	CR		Institution records remaining revenue. Contract Liability (Deferred Revenue) Revenue	DR	CR