



Catholic Diocese of Columbus

Policy Guideline
 Diocesan Parish School All

203.2.1 – Chart of Accounts – High Schools – Other Accounting Procedures

TUITION ACCOUNTING

Tuition Income is to be recorded as the dollars are earned. The transactions which are defined below will recognize those amounts due the school through recording receivables, and manage accounts used for recording Income on the Statement of Activities.

Several of the High Schools create invoices to each family using the Customer function in Quickbooks. The procedures below outline the process using Quickbooks. If another system is used, please contact the Finance Office for alternate procedures.

Prior to July 1

If Tuition or Fees are received which apply to the following school year (i.e. prepaid tuition or fees), the following entry is to be recorded:

DR 1680 - Cash Account (to reflect the deposit of the funds)
CR 2200 - Deferred Pre-paid Tuition (this is a liability account)

The Cash Account should be separate from the regular school checking account as these funds are not to be spent until after July 1. If the funds are significant, they are to be invested in the Parish Aid Fund. This transfer to the PAF should occur no less frequently than monthly.

July 1

1. Enter an invoice for the full amount of Tuition for each family. Quickbooks will record the following entry:

DR 1700 - Tuition Receivable
CR 2205 - Deferred Tuition

You need to remember that any discounts or credits you enter will reduce the Accounts Receivable balance owed by the family, and the Deferred Tuition account through the following entry posted by Quickbooks:

DR 2205 - Deferred Tuition (must select this account)
CR 1700 - Tuition Receivable



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2. Post to each customer account, the amount of Tuition and Fees received prior to July 1. Quickbooks will record the following entry:

DR 2200 - Deferred Pre-paid Tuition (must select this account)
CR 1700 - Tuition Receivable

This should zero out the Deferred Pre-paid Tuition account

3. Summarize the amount of Scholarships, Tuition Assistance, and other credits provided to the families that will be reimbursed to the school. You will need to record the following entry:

DR 1735 – Scholarships Receivable
DR 1736 - Tuition Assistance Receivable
DR 1737 - Other Tuition Credits Receivable
CR 2205 - Deferred Tuition

When you receive payment for the scholarship or tuition assistance, you will need to record the receipt as follows

DR 1500 - School Cash Account
CR 1735/1736/1737 - Scholarships/Tuition Assistance/Other Tuition Credits Receivable

After July 1

4. As you receive cash or checks for payment of tuition, post as a payment to the customer account. Quickbooks will record the following entry:

DR 1499 - Undeposited Funds (must select this account)
CR 1700 - Tuition Receivable

At any point in time, the balance in the Undeposited Funds account will equal the cash and checks you are holding, prior to depositing them in the school cash account. When you have sufficient funds to make a deposit, you will record the following entry:

DR 1500 - School Cash Account
CR 1499 - Undeposited Funds



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5. As you receive notification from FACTS that you have received tuition funds, you will post the payment to each customer account. Quickbooks will record the following entry:

DR 1500 - School Cash Account (must select this account)
CR 1700 - Tuition Receivable

6. If there are discounts or credits provided to a family during the year, you will post the discount/credit to each customer account. Quickbooks will record the following entry:

DR 2205 - Deferred Tuition (must select this account)
CR 1700 - Tuition Receivable

7. If a student withdraws, you need to determine whether a refund is to be granted. If so, you will record the amount of the refund as follows:

DR 2205 – Deferred Tuition
CR 1500 - School Cash Account

If there is an accounts receivable balance and you will not seek payment of the amount, post a credit to the customer account. Quickbooks will record the following entry:

DR 2205 - Deferred Tuition (must select this account)
CR 1700 - Tuition Receivable

8. If you add a new student during the year, follow instructions 1 and 3 under July 1 for that student's tuition and fees.

At month end from September to May

9. For each of the 9 months, you will record an entry to recognize tuition income. Prior to recording this entry, review the balance in account 2205 - Deferred Tuition. Divide this by the remaining months you have to recognize tuition income over. You will then record the following entry:

DR 2205 - Deferred Tuition
CR 4150 – Student Tuition Receipts



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You may want to use a memorized entry but you will most likely need to adjust the dollar value of the entry each month.

At June 30

10. Print a Balance Sheet and review the balance in the Deferred Tuition account. The balance should be zero. If it is a positive number, you will need to record the following entry:

DR 2205 - Deferred Tuition
CR 4150 – Student Tuition Receipts

If it is a negative number, you will need to record the following entry:

DR 4150 – Student Tuition Receipts
CR 2205 - Deferred Tuition

11. As part of the audit, you will need to make an evaluation of each unpaid Tuition Receivable as to whether you anticipate collecting the outstanding balance or not. As part of this process, an entry will be recorded to create a reserve for those that you do not anticipate collecting.

12. Evaluate each uncollected receivable in the Scholarship Receivable, Tuition Assistance Receivable and Other Tuition Credits Receivable account to determine if it will be collected. If it will not, then you will need to record the following entry

DR 4150 – Student Tuition Receipts
CR 1735/1736/1737 - Scholarships/Tuition Assistance/Other Tuition Credits Receivable

PARISH SUBSIDY ACCOUNTING

Parish Subsidy Income is to be recorded as the dollars are earned. The transactions which are defined below will recognized amounts due the school through recording receivables, and manage accounts used for recording Income on the Statement of Activities.

July 1

1. Total the amount of subsidy owed by all parishes for the current year and record the following entry:

DR 1720 - Parish Subsidy Receivable



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CR 2210 - Deferred Parish Subsidy

After July 1

2. As you receive payment of the subsidy, record the receipt of cash using the following entry:

DR 1499 - Undeposited Funds
CR 1720 - Parish Subsidy Receivable

At any point in time, the balance in the Undeposited Funds account will equal the cash and checks you are holding, prior to depositing them in their school cash account. When you have sufficient funds to make a deposit, you will record the following entry:

DR 1500 - School Cash Account
CR 1499 - Undeposited Funds

3. If a student withdraws, you need to determine whether you will provide the parish a refund (assumes the parish has paid the subsidy for that student). If so, the amount of the refund is to be recorded as follows:

DR 2210 - Deferred Parish Subsidy
CR 1500 - School Cash Account

If there is an accounts receivable balance from that parish and you will not seek payment of the amount, you will record the amount written off using the following entry:

DR 2210 - Deferred Parish Subsidy
CR 1720 - Parish Subsidy Receivable

4. If you add a new student during the year, follow instruction 1 under July 1 for the subsidy related to that student.

At month end from September to May

5. For each of the 9 months, you will record an entry to recognize parish subsidy income. Prior to recording this entry, review the balance in account 2210 - Deferred Parish Subsidy. Divide this by the remaining months you have to recognize subsidy income over. Record the following entry:



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DR 2210 - Deferred Parish Subsidy
CR 4300 - Parish Subsidy

At June 30

6. Print a Balance Sheet and review the balance in account 2210 - Deferred Parish Subsidy. The balance should be zero. If it is a positive number, record the following entry:

DR 2210 - Deferred Parish Subsidy
CR 4300 - Parish Subsidy

If it is a negative number, record the following entry:

DR 4300 - Parish Subsidy
CR 2210 - Deferred Parish Subsidy

7. As part of the audit, an evaluation will need to be made of each open Parish Subsidy Receivable as to whether you anticipate collecting the outstanding balance or not. As part of this process, an entry will be recorded to create a reserve for those that you do not anticipate collecting.

ENDOWMENT/FOUNDATION ACCOUNTING

On a quarterly basis, we will record entries to update our Statement of Financial Position to reflect the change in market value for any endowment accounts or the market value of an independent Foundation which benefits the school. For endowments held at the Catholic Foundation, you will receive a quarterly statement for each endowment. An example of the statement is:



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REPORT FOR THE PERIOD ENDING 06/30/2008

320ABV

The Mary Catherine Gerhold Memorial Endowment Fund

| | Quarter to Date (04/01/2008 – 06/30/2008) | Year to Date (07/01/2007 – 06/30/2008) |
|-------------------------------|--|---|
| Beginning Market Value | \$271,953.64 | \$262,629.84 |
| Donor Contributions | 1,000.00 | 2,500.00 |
| Gain/Loss | -3,980.13 | 2,756.06 |
| Income | 1,839.28 | 3,252.77 |
| Management Fee | -340.09 | -665.97 |
| Distribution | -13,206.45 | -13,206.45 |
| Total Ending Current Activity | -14,687.39 | -5,363.59 |
| Ending Cost Basis | 212,403.22 | |
| Ending Market Value | \$257,266.25 | \$257,266.25 |

Using the amounts in the Quarter to Date column, you will record entries to update the value of the asset in account 1800 – Permanently Restricted Beneficial Interest. Using the data above, the entries would be:

| | | |
|---|----------|----------|
| CR 8000 – Permanently Restricted Revenue | | 1,000.00 |
| CR 8010 – Permanently Restricted – Investment Income | | 1,839.28 |
| DR 8015 – Permanently Restricted – Fee Expense | 340.09 | |
| DR 8020 – Permanently Restricted – Realized/Unrealized Gain(Loss) | 3,980.13 | |
| CR 1800 – Permanently Restricted Beneficial Interest | | 1,480.94 |

You would record the Distribution when you receive the check as follows:

- DR 1500 – School Cash Account
- CR 1800 – Permanently Restricted Beneficial Interest
- DR 8100 – Net Assets Released from Restrictions – Permanently Restricted
- CR 4600 – Permanently Restricted Assets Released

Once all of these transactions have been recorded, the value in account 1800 should be equal to the Ending Market Value on the statement from the Catholic Foundation.



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It is also possible that you will receive a check and hold the funds for use at a later date. You should open a PAF account to hold these funds until you are ready to use them. The following entries will be made when you deposit the funds in the Parish Aid Fund.

DR 1XXX – Temporarily Restricted PAF Account
CR 1800 – Permanently Restricted Beneficial Interest
DR 8105 – Net Assets Released to Temp Restricted
CR 7000 – Temporarily Restricted Revenue

Then when the funds are moved to operating, you will record the transactions outlined in Policy 203.2 under **TEMPORARILY RESTRICTED – INCOME/EXPENSE**

For those High Schools with an independent Foundation, if you have questions on which amounts to record from the financial statements of your Foundation, please contact the Finance Office.