

Revenue Variance

Over/under on the *End of Month* report is the reconciliation (or difference) between invoiced and earned revenue in Aspire. There are times when a contract with a fixed payment invoice type in Aspire will have an over/under that does not show a zero balance on the *End of Month* report – even when a contract has ended. This can be because a customer made a payment before you started invoicing and earning revenue for that contract in Aspire, or the contract was cancelled without an invoice to true-up the over/under or due to rounding of the monthly payments.

Revenue variance adjustment capability was added in Aspire to allow you to show the over/under for a contract as zero at the completion of each contract year or upon completion or cancellation of the contract. Once you have enabled the feature, Aspire will automatically make variance adjustments as described below.

The sections that follow explain:

- How Aspire makes variance adjustments
- How to enable variance adjustments
- How variance adjustments are reflected in the *End of Month* report

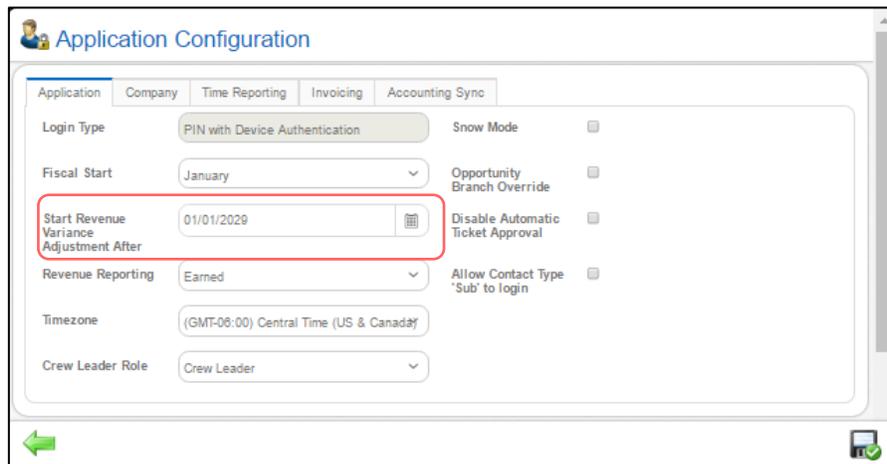
How Aspire Makes Variance Adjustments

1. If revenue variance adjustments are enabled, Aspire makes variance adjustments when you initiate month-end close.
2. Aspire will make revenue variance adjustments only for contracts with invoice type of 'Fixed Price on Payment Schedule'.
3. Under normal circumstances, for any given contract, Aspire will make the associated revenue variance adjustment for a contract on close of the last month of the contract year. However, when you initially enable the variance adjustment capability, Aspire will go back at the time of your next month-end close and create variance adjustments in prior months as described in item #10, below.
4. Aspire will make revenue variance adjustments for all contracts whose End Date Month or Cancelled Date Month is in the past at the time of month-end close. If a contract is multi-year or has no explicit end date, Aspire treats it as if its end date is the 12th month from the start date of that open contract. At time of close on the end date month or cancelled date month, for each fixed-price payment schedule contract:

- a. Aspire will look to be sure all the work tickets are completed or cancelled since the beginning of the *Start Revenue Variance Adjustment After* date. It does not matter when the work tickets were completed or cancelled – the criteria for work tickets are that all must be either completed or cancelled.
 - b. Aspire will look to be sure there are the same number of invoices created in the contract period as specified in the *Opportunity Payment Schedule*.
 - c. If yes to a and b, Aspire will create the revenue variance adjustment for the contract.
5. If any of the previously closed periods are re-opened, Aspire will eliminate any revenue variance adjustments it created in that month. Later when you close a period once again, Aspire will recreate revenue variance adjustments for that period.
 6. After Aspire has made the revenue adjustment for a given contract, new revenue variance for multi-year contracts will begin to once again be reflected in the *End of Month* report as future periods are closed until the end of another contract year.

How to Enable Variance Adjustments

7. To enable variance adjustments in Aspire, click the *Pencil* icon in the upper right corner of the *Administration* screen to display the *Administration Configuration* screen. On the *Application* tab, change *Start revenue variance Adjustment After* date from its default value of 01/01/2029 to the date on which you want Aspire to begin making revenue variance adjustments. This should only be done once.



The screenshot shows the 'Application Configuration' screen with the 'Application' tab selected. The 'Start Revenue Variance Adjustment After' field is highlighted with a red box and contains the date '01/01/2029'. Other visible fields include 'Login Type' (PIN with Device Authentication), 'Fiscal Start' (January), 'Revenue Reporting' (Earned), 'Timezone' ((GMT-06:00) Central Time (US & Canada)), and 'Crew Leader Role' (Crew Leader). There are also several checkboxes for 'Snow Mode', 'Opportunity Branch Override', 'Disable Automatic Ticket Approval', and 'Allow Contact Type "Sub" to login'.

8. When enabling revenue adjustment, the *Start Revenue Variance Adjustment After* date should always be set to the last day of a month before the month that you want Aspire

to begin adjusting revenue. The reason you should use the last day of a month is because all revenue for a month is earned on the 1st of every month.

9. When the 'Start revenue variance' date is first changed to any date in the past, no revenue variance will occur until the next period is closed.
10. If Aspire is closed through a specific date (i.e., November 30, 2016), when the *Start Revenue Variance Adjustment After* date is changed to a date in the past, on the next period close, Aspire will create all the revenue variances to occur in the month being closed. The revenue variances will occur for all opportunities that meet all the 'Criteria' from the start date chosen as the *Start Revenue Variance Adjustment After* date. For example, if the *Start Revenue Variance Adjustment After* date entered is 12/31/15 and the period closed before the change was November 30, 2016. When December 31, 2016, is closed, all revenue variances will occur on the December 2016 *End of Month* report for all opportunities with a contract end date or cancelled date of 01/01/16 through 12/31/16 that meet all criteria.
11. Consider the scenario above, except the closed month prior to the *Start Revenue Variance Adjustment After* date was December 31, 2016. When January 31, 2017, is closed, all revenue variances will be created on the January 2017 *End of Month* report for all opportunities with a contract end date or cancelled date of 01/01/2016 through 01/31/2017 that meet all criteria.
12. If the *Start Revenue Variance Adjustment After* date is set to 12/31/2015, a client can reopen the period back to 01/01/16 and close each month. Aspire will generate the appropriate revenue variance adjustments for that month.
13. For any opportunity that has a revenue variance adjustment, the Over/Under will be zero immediately after the revenue variance has been created if all work tickets are completed or cancelled within the contract start and end date. If any work tickets are completed and have earned revenue after the end date, the Over/Under will go to Zero on the month the final work ticket is completed. However, the correct revenue variance amount will be created on the contract end date, or the 1st month closed after the contract end date.

How Variance Adjustments are Reflected on End of Month Report

14. The revenue variance adjustment will show on the *End of Month* 'Revenue Tab' below 'Invoice Adjustments' and above 'Over/Under'.

15. The revenue variance on the *End of Month* report will show one dollar amount in the *Debit* or *Credit* column. You can drill into that dollar amount to see what opportunities have a revenue variance. The variance will also show per division. Each opportunity might have more than one variance for multi-year contracts.
16. If the revenue variance has a balance (credit or debit) on the *End of Month* report, that total dollar amount will be the sum of all revenue variance adjustments. You can drill into that dollar revenue variance to get the detail per opportunity. Some revenue variances will show as credits, and some will show as debits. The system will total all debits and credits.
17. A debit (or positive) revenue variance indicates invoiced revenue is less than earned revenue in Aspire; therefore, revenue will need to be decreased in your accounting system. A credit (or negative) revenue variance indicates earned revenue is less than invoiced revenue in Aspire; therefore, revenue will need to be increased in your accounting system.
18. You need to ensure all fixed payment invoices are created in the same period/year as the contract period.