

PROJECT 3: VERDE COMPUTER CLUB

In Project 3, your students complete the computer accounting cycle for Verde Computer Club which is located in Northridge, California. Verde Computer Club is a computer club that is a nonprofit business organized as a corporation.

Because Verde Computer Club is a nonprofit business, there are some differences in the Chart of Accounts and some of its transactions. For example, revenues are derived from membership fees and seminars. Club members can also contribute computers to local schools.

The club sponsors a trip to Comdex, a computer trade-show in Las Vegas. The trip involves expenses for bus rental, motel rooms, meals, and entrance fees to the trade show. Since so many club members attend Comdex, a special rate is offered to them.

In this project your students complete the accounting cycle for the month of January 2005. Verde Computer Club's Balance Sheet, checkbook register, and bank statement are provided as source documents.

At the end of this project there is a Checklist that lists the printed reports that you may want your students to turn in.

Checklist of Printouts, Project 3: Verde Computer Club	
	Chart of Accounts
	Account Reconciliation
	Cash Account Register
	Cash Disbursements Journal
	Cash Receipts Journal
	General Journal
	General Ledger Trial Balance
	General Ledger
	Balance Sheet
	Income Statement
	Statement of Cash Flow
	Statement of Changes in Financial Position
	Statement of Retained Earnings

CHECK YOUR PROGRESS: PROJECT 3, Verde Computer Club

1. What are the total debit and credit balances on your general ledger trial balance? **\$18,305.00**
2. What is the total amount of checks outstanding? **\$762.00**
3. How much are the total expenses on January 31? **\$3,409.67**
4. How much are the total revenues on January 31? **\$3,605.00**
5. How much is the net income (net loss) on January 31? **\$195.33**
6. What is the account balance in the Membership Contributions account on January 31? **\$250.00**
7. What are the total assets on January 31? **\$14,895.33**
8. What is the ending retained earnings on January 31, 2005? **\$14,645.33**
9. What is the balance in the Credit Card Payable account on January 31? **\$0.00**
10. What is the balance in the Office Supplies Expense account on January 31? **\$165.05**
11. Is there an Increase or Decrease in cash for the month of January? **Decrease**
12. Was any Credit Card Payable incurred during the month of January? (Circle your answer) **NO**

Solution to Project 3 – Chart of Accounts

Verde Computer Club Chart of Accounts As of Jan 31, 2005			
Filter Criteria includes: Report order is by ID. Report is printed with Accounts having Zero Amounts and in Detail Format.			
Account ID	Account Description	Active?	Account Type
10200	Northridge Bank	Yes	Cash
10400	Savings Account	Yes	Cash
11000	Accounts Receivable	Yes	Accounts Receivable
11100	Grants Receivable	Yes	Accounts Receivable
12000	Inventory-Computers/Schools	Yes	Inventory
12050	Inventory-Office	Yes	Inventory
14000	Prepaid Rent	Yes	Other Current Assets
15000	Furniture and Fixtures	Yes	Fixed Assets
15100	Computer Equipment	Yes	Fixed Assets
17000	Accum. Depreciation-Furn & Fix	Yes	Accumulated Depreciation
17100	Accum. Depreciation-Comp Equip	Yes	Accumulated Depreciation
19100	Organization Costs	Yes	Other Assets
20000	Credit Card Payable	Yes	Accounts Payable
23200	Wages Payable	Yes	Other Current Liabilities
23900	Income Taxes Payable	Yes	Other Current Liabilities
24400	Fund Deposits	Yes	Other Current Liabilities
24500	Research Grants Payable	Yes	Other Current Liabilities
39002	Membership Contributions	Yes	Equity-doesn't close
39003	Common Stock	Yes	Equity-doesn't close
39004	Paid-in Capital	Yes	Equity-doesn't close
39005	Retained Earnings	Yes	Equity-Retained Earnings
39007	Dividends Paid	Yes	Equity-gets closed
40000	Fees-Seminars/Classes	Yes	Income
41600	Membership dues	Yes	Income
42800	Interest Income	Yes	Income
45400	Finance Charge Income	Yes	Income
45500	Shipping Charges Reimbursed	Yes	Income
49000	Fee Discounts	Yes	Income
50000	Cost of Sales	Yes	Cost of Sales
57000	Cost of Sales-Salaries and Wag	Yes	Cost of Sales
57500	Cost of Sales-Freight	Yes	Cost of Sales
58500	Inventory Adjustments	Yes	Cost of Sales
59500	Purchase Discounts	Yes	Cost of Sales
60000	Advertising Expense	Yes	Expenses
60400	Bank Service Charge	Yes	Expenses
60500	Assistance to Individuals	Yes	Expenses
61000	Benefits Paid to Members	Yes	Expenses
62500	Accounting Fees	Yes	Expenses
63000	Legal Fees	Yes	Expenses
63500	Professional Fundraising Fees	Yes	Expenses
66000	Office Supplies Expense	Yes	Expenses
66500	Telephone Expense	Yes	Expenses
67000	Postage and Shipping Expense	Yes	Expenses
67500	Rent Expense	Yes	Expenses
68000	Equipment Rental Expense	Yes	Expenses
68500	Maintenance Expense	Yes	Expenses
69000	Printing Expense	Yes	Expenses
69500	Publications	Yes	Expenses
70000	Bus Rental-Comdex	Yes	Expenses
70010	Meals-Comdex	Yes	Expenses
70020	Motel-Comdex	Yes	Expenses
70030	Fees-Comdex	Yes	Expenses
70500	Conferences Expense	Yes	Expenses
71000	Meetings Expense	Yes	Expenses
71500	Interest Expense	Yes	Expenses
72500	Depr. Exp.-Furniture & Fixture	Yes	Expenses
72520	Depr. Exp.-Comp Equip	Yes	Expenses
77500	Wages Expense	Yes	Expenses
89500	Purchase Disc-Expense Items	Yes	Expenses
90000	Gain/Loss on Sale of Assets	Yes	Expenses

Solution to Project 3 – Accounts Reconciliation Report

Verde Computer Club Account Reconciliation As of Jan 31, 2005 10200 - Northridge Bank Bank Statement Date: January 31, 2005				
Filter Criteria includes: Report is printed in Detail Format.				
Beginning GL Balance				8,200.00
Add: Cash Receipts				3,605.00
Less: Cash Disbursements				(3,647.67)
Add (Less) Other				<u>(12.00)</u>
Ending GL Balance				<u>8,145.33</u>
Ending Bank Balance				8,907.33
Add back deposits in transit			_____	
Total deposits in transit				
(Less) outstanding checks				
	Jan 17, 2005	7006	(725.00)	
	Jan 26, 2005	7009	<u>(37.00)</u>	
Total outstanding checks				(762.00)
Add (Less) Other			_____	
Total other				
Unreconciled difference				_____
Ending GL Balance				<u>8,145.33</u>

Solution to Project 3 – Cash Account Register

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**Verde Computer Club
Cash Account Register
For the Period From Jan 1, 2005 to Jan 31, 2005
10200 - Northridge Bank**

Filter Criteria includes: Report order is by Transaction Date.

Date	Reference	Type	Payee/Paid By	Memo	Payment Am	Receipt Amt	Balance
			Opening Balance			8,200.00	8,200.00
1/2/05	Deposit	Receipt		1/2/05		2,800.00	11,000.00
1/8/05	7001	Wrt. Chks.			250.00		10,750.00
1/8/05	7002	Wrt. Chks.			195.00		10,555.00
1/9/05	7003	Wrt. Chks.			165.05		10,389.95
1/17/05	7004	Wrt. Chks.			800.00		9,589.95
1/17/05	7005	Wrt. Chks.			600.00		8,989.95
1/17/05	7006	Wrt. Chks.			725.00		8,264.95
1/17/05	7007	Wrt. Chks.			835.27		7,429.68
1/26/05	7008	Wrt. Chks.			40.35		7,389.33
1/26/05	7009	Wrt. Chks.			37.00		7,352.33
1/29/05	Deposit	Receipt		1/29/05		805.00	8,157.33
1/31/05	01/31/05	Gen. Jml.			12.00		8,145.33
		Total			<u>3,659.67</u>	<u>3,605.00</u>	

Solution to Project 3 – Cash Disbursements Journal

Verde Computer Club Cash Disbursements Journal For the Period From Jan 1, 2005 to Jan 31, 2005					
Filter Criteria includes: Report order is by Date. Report is printed in Detail Format.					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
1/8/05	7001	20000 10200	Credit Card Payable Credit Card	250.00	250.00
1/8/05	7002	60000 10200	Advertising Expense Carberry Advertising	195.00	195.00
1/9/05	7003	66000 10200	Office Supplies Expense Northridge Office Supplies	165.05	165.05
1/17/05	7004	70010 10200	Meals-Comdex Meals, Comdex	800.00	800.00
1/17/05	7005	70000 10200	Bus Rental-Comdex Bus Rental, Comdex	600.00	600.00
1/17/05	7006	70030 10200	Fees-Comdex Comdex Entrance Fees	725.00	725.00
1/17/05	7007	70020 10200	Motel-Comdex Motel Rooms, Comdex	835.27	835.27
1/26/05	7008	66500 10200	Telephone Expense Northern Telephone Co.	40.35	40.35
1/26/05	7009	67000 10200	Postage and Shipping Expense U.S. Post Office	37.00	37.00
Total				3,647.67	3,647.67

Solution to Project 3 – Cash Receipts Journal

Verde Computer Club Cash Receipts Journal For the Period From Jan 1, 2005 to Jan 31, 2005					
Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.					
Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
1/2/05	41600 10200	Deposit	Membership Dues Deposit	2,800.00	2,800.00
1/29/05	40000 10200	Deposit	Seminar Fees Deposit	805.00	805.00
				<u>3,605.00</u>	<u>3,605.00</u>

Solution to Project 3 – General Journal

Verde Computer Club General Journal For the Period From Jan 1, 2005 to Jan 31, 2005					
Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with Truncated Transaction Descriptions and in Detail Format.					
Date	Account ID	Reference	Trans Description	Debit Amt	Credit Amt
1/31/05	12000 39002		Inventory-Computers/Schools Membership Contributions	250.00	250.00
1/31/05	10200 60400	01/31/05	Service Charge Service Charge	12.00	12.00
		Total		<u>262.00</u>	<u>262.00</u>

Solution to Project 3 – General Ledger Trial Balance

Verde Computer Club General Ledger Trial Balance As of Jan 31, 2005			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account ID	Account Description	Debit Amt	Credit Amt
10200	Northridge Bank	8,145.33	
12000	Inventory-Computers/Schools	750.00	
12050	Inventory-Office	1,500.00	
15000	Furniture and Fixtures	1,200.00	
15100	Computer Equipment	3,000.00	
19100	Organization Costs	300.00	
39002	Membership Contributions		250.00
39005	Retained Earnings		14,450.00
40000	Fees-Seminars/Classes		805.00
41600	Membership dues		2,800.00
60000	Advertising Expense	195.00	
60400	Bank Service Charge	12.00	
66000	Office Supplies Expense	165.05	
66500	Telephone Expense	40.35	
67000	Postage and Shipping Expense	37.00	
70000	Bus Rental-Comdex	600.00	
70010	Meals-Comdex	800.00	
70020	Motel-Comdex	835.27	
70030	Fees-Comdex	725.00	
	Total:	18,305.00	18,305.00

Solution to Project 3 – General Ledger

Verde Computer Club General Ledger							Page: 1
For the Period From Jan 1, 2005 to Jan 31, 2005							
Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.							
Account ID	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
Account Descriptio							
10200	1/1/05			Beginning Balance			8,200.00
Northridge Bank	1/2/05	Deposit	CRJ	Deposit	2,800.00		
	1/8/05	7001	CDJ	Credit Card		250.00	
	1/8/05	7002	CDJ	Carberry Advertisin		195.00	
	1/9/05	7003	CDJ	Northridge Office S		165.05	
	1/17/05	7004	CDJ	Meals, Comdex		800.00	
	1/17/05	7005	CDJ	Bus Rental, Comde		600.00	
	1/17/05	7006	CDJ	Comdex Entrance		725.00	
	1/17/05	7007	CDJ	Motel Rooms, Com		835.27	
	1/26/05	7008	CDJ	Northern Telephone		40.35	
	1/26/05	7009	CDJ	U.S. Post Office		37.00	
	1/29/05	Deposit	CRJ	Deposit	805.00		
	1/31/05	01/31/05	GEN	Service Charge		12.00	
				Current Period Cha	3,605.00	3,659.67	-54.67
	1/31/05			Ending Balance			8,145.33
12000	1/1/05			Beginning Balance			500.00
Inventory-Computers	1/31/05		GEN	Inventory-Compute	250.00		
				Current Period Cha	250.00		250.00
	1/31/05			Ending Balance			750.00
12050	1/1/05			Beginning Balance			1,500.00
Inventory-Office	1/31/05			Ending Balance			1,500.00
15000	1/1/05			Beginning Balance			1,200.00
Furniture and Fixture	1/31/05			Ending Balance			1,200.00
15100	1/1/05			Beginning Balance			3,000.00
Computer Equipmen	1/31/05			Ending Balance			3,000.00
19100	1/1/05			Beginning Balance			300.00
Organization Costs	1/31/05			Ending Balance			300.00
20000	1/1/05			Beginning Balance			-250.00
Credit Card Payable	1/8/05	7001	CDJ	Credit Card - Credit	250.00		
				Current Period Cha	250.00		250.00
	1/31/05			Ending Balance			
39002	1/1/05			Beginning Balance			
Membership Contrib	1/31/05		GEN	Membership Contri		250.00	
				Current Period Cha		250.00	-250.00
	1/31/05			Ending Balance			-250.00
39005	1/1/05			Beginning Balance			-14,450.00
Retained Earnings	1/31/05			Ending Balance			-14,450.00
40000	1/1/05			Beginning Balance			
Fees-Seminars/Clas	1/29/05	Deposit	CRJ	Deposit - Seminar		805.00	
				Current Period Cha		805.00	-805.00
	1/31/05			Ending Balance			-805.00

Solution to Project 3 – General Ledger

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**Verde Computer Club
General Ledger
For the Period From Jan 1, 2005 to Jan 31, 2005**

Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Descriptio	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
41600 Membership dues	1/1/05 1/2/05	 Deposit	 CRJ	Beginning Balance Deposit - Members		2,800.00	
				Current Period Cha		2,800.00	-2,800.00
	1/31/05			Ending Balance			-2,800.00
60000 Advertising Expense	1/1/05 1/8/05	 7002	 CDJ	Beginning Balance Carberry Advertisin	195.00		
				Current Period Cha	195.00		195.00
	1/31/05			Ending Balance			195.00
60400 Bank Service Charg	1/1/05 1/31/05	 01/31/05	 GEN	Beginning Balance Service Charge	12.00		
				Current Period Cha	12.00		12.00
	1/31/05			Ending Balance			12.00
66000 Office Supplies Expe	1/1/05 1/9/05	 7003	 CDJ	Beginning Balance Northridge Office S	165.05		
				Current Period Cha	165.05		165.05
	1/31/05			Ending Balance			165.05
66500 Telephone Expense	1/1/05 1/26/05	 7008	 CDJ	Beginning Balance Northern Telephon	40.35		
				Current Period Cha	40.35		40.35
	1/31/05			Ending Balance			40.35
67000 Postage and Shippin	1/1/05 1/26/05	 7009	 CDJ	Beginning Balance U.S. Post Office - P	37.00		
				Current Period Cha	37.00		37.00
	1/31/05			Ending Balance			37.00
70000 Bus Rental-Comdex	1/1/05 1/17/05	 7005	 CDJ	Beginning Balance Bus Rental, Comde	600.00		
				Current Period Cha	600.00		600.00
	1/31/05			Ending Balance			600.00
70010 Meals-Comdex	1/1/05 1/17/05	 7004	 CDJ	Beginning Balance Meals, Comdex - M	800.00		
				Current Period Cha	800.00		800.00
	1/31/05			Ending Balance			800.00
70020 Motel-Comdex	1/1/05 1/17/05	 7007	 CDJ	Beginning Balance Motel Rooms, Com	835.27		
				Current Period Cha	835.27		835.27
	1/31/05			Ending Balance			835.27
70030 Fees-Comdex	1/1/05 1/17/05	 7006	 CDJ	Beginning Balance Comdex Entrance	725.00		
				Current Period Cha	725.00		725.00
	1/31/05			Ending Balance			725.00

Solution to Project 3 – Balance Sheet

Verde Computer Club Balance Sheet January 31, 2005		
ASSETS		
Current Assets		
Northridge Bank	\$ 8,145.33	
Inventory-Computers/Schools	750.00	
Inventory-Office	1,500.00	
Total Current Assets		10,395.33
Property and Equipment		
Furniture and Fixtures	1,200.00	
Computer Equipment	3,000.00	
Total Property and Equipment		4,200.00
Other Assets		
Organization Costs	300.00	
Total Other Assets		300.00
Total Assets	\$	<u>14,895.33</u>
LIABILITIES AND CAPITAL		
Current Liabilities		
Total Current Liabilities		0.00
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		0.00
Capital		
Membership Contributions	\$ 250.00	
Retained Earnings	14,450.00	
Net Income	195.33	
Total Capital		14,895.33
Total Liabilities & Capital	\$	<u>14,895.33</u>

Solution to Project 3 – Income Statement

Verde Computer Club Income Statement For the One Month Ending January 31, 2005				
	Current Month		Year to Date	
Revenues				
Fees-Seminars/Classes	\$ 805.00	22.33	\$ 805.00	22.33
Membership dues	2,800.00	77.67	2,800.00	77.67
Total Revenues	<u>3,605.00</u>	<u>100.00</u>	<u>3,605.00</u>	<u>100.00</u>
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>3,605.00</u>	<u>100.00</u>	<u>3,605.00</u>	<u>100.00</u>
Expenses				
Advertising Expense	195.00	5.41	195.00	5.41
Bank Service Charge	12.00	0.33	12.00	0.33
Office Supplies Expense	165.05	4.58	165.05	4.58
Telephone Expense	40.35	1.12	40.35	1.12
Postage and Shipping Expense	37.00	1.03	37.00	1.03
Bus Rental-Comdex	600.00	16.64	600.00	16.64
Meals-Comdex	800.00	22.19	800.00	22.19
Motel-Comdex	835.27	23.17	835.27	23.17
Fees-Comdex	725.00	20.11	725.00	20.11
Total Expenses	<u>3,409.67</u>	<u>94.58</u>	<u>3,409.67</u>	<u>94.58</u>
Net Income	<u>\$ 195.33</u>	<u>5.42</u>	<u>\$ 195.33</u>	<u>5.42</u>

Solution to Project 3 – Statement of Cash Flow

Verde Computer Club Statement of Cash Flow For the one Month Ended January 31, 2005		
	Current Month	Year to Date
Cash Flows from operating activities		
Net Income	\$ 195.33	\$ 195.33
Adjustments to reconcile net income to net cash provided by operating activities		
Inventory-Computers/Schools	(250.00)	(250.00)
Credit Card Payable	(250.00)	(250.00)
Total Adjustments	<u>(500.00)</u>	<u>(500.00)</u>
Net Cash provided by Operations	<u>(304.67)</u>	<u>(304.67)</u>
Cash Flows from investing activities		
Used For		
Net cash used in investing	<u>0.00</u>	<u>0.00</u>
Cash Flows from financing activities		
Proceeds From		
Membership Contributions	250.00	250.00
Used For		
Net cash used in financing	<u>250.00</u>	<u>250.00</u>
Net increase <decrease> in cash	<u>\$ (54.67)</u>	<u>\$ (54.67)</u>
Summary		
Cash Balance at End of Period	\$ 8,145.33	\$ 8,145.33
Cash Balance at Beg of Period	<u>(8,200.00)</u>	<u>(8,200.00)</u>
Net Increase <Decrease> in Cash	<u>\$ (54.67)</u>	<u>\$ (54.67)</u>

Solution to Project 3 – Statement of Changes in Financial Position

Verde Computer Club Statement of Changes in Financial Position For the one month ended January 31, 2005		
	Current Month	Year To Date
Sources of Working Capital		
Net Income	\$ 195.33	\$ 195.33
Add back items not requiring working capital		
Working capital from operations	195.33	195.33
Other sources		
Membership Contributions	250.00	250.00
Total sources	<u>445.33</u>	<u>445.33</u>
Uses of working capital		
Total uses	<u>0.00</u>	<u>0.00</u>
Net change	<u>\$ 445.33</u>	<u>\$ 445.33</u>
Analysis of components of changes		
Increase <Decrease> in Current Assets		
Northridge Bank	\$ (54.67)	\$ (54.67)
Inventory-Computers/Schools	250.00	250.00
<Increase> Decrease in Current Liabilities		
Credit Card Payable	<u>250.00</u>	<u>250.00</u>
Net change	<u>\$ 445.33</u>	<u>\$ 445.33</u>

Solution to Project 3 – Statement of Retained Earnings

Verde Computer Club Statement of Retained Earnings For the One Month Ending January 31, 2005	
Beginning Retained Earnings	\$ 14,450.00
Adjustments To Date	0.00
Net Income	195.33
	<hr/>
Subtotal	14,645.33
	<hr/>
Ending Retained Earnings	\$ <u>14,645.33</u>