

Revenue Recognition

University of Saskatchewan Policies

Revenue Recognition

Category:	General
Responsibility:	Associate Vice-President (Financial Services)
Authorization:	Board of Governors
Approval Date:	December 14, 2007

Purpose:

To establish a Revenue Recognition Policy that is consistent with Generally Accepted Accounting Principles (GAAP) and to provide guidance ([see Guidelines](#)) to support consistent application of the policy.

Scope of this Policy:

This Revenue Recognition Policy has been developed recognizing the restricted fund method of accounting utilized by the University and focusing on the following eight categories of revenue identified in University financial statements:

1. Student Fees;
2. Sales of Services and Products;
3. Grants
4. Contracts
5. Gifts and Bequests
6. Income from Investments
7. Real Estate Income
8. Miscellaneous Income

The Associate Vice-President (Financial Services) is responsible for the administration of this policy and may make changes in the guidelines and modifications to procedures if she/he is satisfied that the changes comply with GAAP and are in the best interests of the University.

Policy:

1. *Student Fees* are recorded as revenue in the General Fund in the year courses and seminars are held.
2. *Sales of Services and Products* are recorded as revenue in the General Fund at point of sale or when the service has been provided. If payment is not received at the time of sale or service, accounts receivable will be recorded.

3. *Grants* are recorded as revenue when received or set up as an accounts receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The fund to be used can be determined as follows:
 - a. Unrestricted grants are recorded as revenue of the General Fund.
 - b. Grants restricted for purposes other than one of the established Restricted Fund types are recorded in the General Fund. Revenue is deferred until the year in which the related expenses are incurred.
 - c. All other restricted grants will be recorded as revenue of the appropriate restricted fund.
4. *Contracts* are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded. The fund to be used can be determined as follows:
 - a. Unrestricted contracts are recorded as revenue of the General Fund.
 - b. Contracts restricted for purposes other than one of the established Restricted Fund types are recorded in the General Fund.
 - c. All other restricted contracts will be recorded as revenue of the appropriate restricted fund.
5. *Gifts and Bequests* are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts-in-kind are recorded at their fair market value on the date of receipt or at nominal value when fair market value cannot be reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection. The fund to be used can be determined as follows:
 - a. Unrestricted gifts and bequests are recorded as revenue of the General Fund.
 - b. Gifts and bequests restricted for purposes other than one of the established Restricted Fund types are recorded in the General Fund. Revenue is deferred until the year in which the related expenses are incurred.
 - c. Gifts and bequests for endowment purposes are recorded as revenue in the Endowment Fund.
 - d. All other restricted gifts and bequests are recorded as revenue of the appropriate restricted fund.
6. *Investment Income* is recorded as revenue when reasonable assurance exists regarding measurement and collectability. The fund to be used can be determined as follows:
 - a. Unrestricted investment income is recognized as revenue of the General Fund.
 - b. Investment income on contributions restricted for purposes other than one of the established Restricted Fund types is recorded in the General Fund. This investment income is deferred until the year in which the related expenses are incurred unless the agreement stipulates otherwise.
 - c. Investment income on Restricted Fund resources, including the Endowment Fund, is recorded in the appropriate Fund according to the restrictions mandated.
7. *Real Estate Income*, as follows, is recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured:
 - a. Unrestricted Real Estate income is recorded in the General Fund.
 - b. Restricted Real Estate income is recognized as revenue of the appropriate restricted fund.

8. *Miscellaneous Income* is recorded as revenue in the period received or receivable, if collection is reasonably assured. The fund to be used can be determined as follows:
- a. Unrestricted miscellaneous income is recorded as revenue of the General Fund.
 - b. Miscellaneous income restricted for purposes other than one of the established Restricted Fund types is recorded in the General Fund. Revenue must be deferred until the year in which the related expenses are incurred.
 - c. All other restricted miscellaneous income is recorded as revenue of the appropriate restricted fund.

Guidelines

[Guidelines for the Revenue Recognition Policy](#) are available in PDF format.

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