


<b>Applicable Employee Classes:</b> All Florida Tech Employees	<b>Reviewed Date:</b> April 2017	<b>Approved by:</b>  Dr. T. Dwayne McCay, President
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## REVENUE RECOGNITION POLICY

The following definitions and guidelines are provided to assist in the determination of whether a transaction creates revenue for the University under Generally Accepted Accounting Principles (GAAP). The intent is to provide clear, consistent guidance to all individuals conducting activities and receiving payments on the University's behalf.

Revenue is defined by the Financial Accounting Standards Board (FASB) as "inflows or other enhancements of assets of an entity or settlements of its liabilities (or combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations."

### TYPES OF REVENUE

1. **Tuition and Fees Revenues** are recognized upon the start of each term, not when billed or paid. This includes tuition for undergraduate and graduate programs, extended studies, University Alliance, and Continuing Education programs. Deposits and prepayments of tuition and fees are recorded as deferred revenue until the start of the term for which they are intended. Tuition is recorded in the financial statements net of discounts for scholarships.
2. **Federal, State, and Private Grants and Contracts Revenue** is recognized as qualifying expenses are incurred, up to the amount awarded. Indirect cost recovery revenue associated with research activities is also recognized as qualifying expenses are incurred.
3. **Contribution Revenue** is recognized when gifts are received, or when a documented unconditional promise to make a gift has been received. Conditional promises to give are recognized when the gift is received. Contributions of assets other than cash are recorded upon receipt of the asset and a documented appraisal. Restrictions of gifts are recorded as either temporarily restricted or permanently restricted. For more clarifications of restrictions and net asset classes, see Net Asset Classification Policy.
4. **Non-operating Revenue include:**
  - a. **Investment Revenue** is recognized as interest and dividend income as reported monthly. Gains and losses incurred as a result of changes in market value of investments are also recorded. The activity is either unrestricted or temporarily restricted depending upon the nature of the investment.
  - b. **Insurance Recovery** is recognized as revenue when received.
  - c. **Gain/Loss on Sale of Fixed Assets** are recognized upon the sale of fixed assets.
5. **Auxiliary Activity Revenue** is recognized when services are provided, or when the revenue is earned. Housing and meal plan revenue is recognized at the start of each semester except for Flex credits that are recognized when used. Off-meal plan revenue is recognized at point of sale.
6. **Other Revenue** includes rental income, parking fees, traffic fines, application fees and revenue for ancillary operations such as the Scott Center are recognized when earned.

**Exclusions from Revenue include:**

1. Reimbursement of expenses such as repayment of travel advance, payment for personal postage, etc.
2. Funds received on behalf of others (agency funds) when the University is acting on behalf of the other entity and ownership of the funds remains with the other entity.