REVENUE CLASSIFICATION GUIDELINE

PURPOSE:
This document provides guidance on how to properly classify and record University operating revenue. Operating revenue is defined as that which is received from the University’s normal, mission-related operations. Revenues that are considered non-operating are not addressed in this document.

REVENUE RECOGNITION PRINCIPLES:
Revenue is the income a company receives as a result of its business activities, typically through the sale of goods or services, rents, and other sources. In the case of universities, the most common forms of revenue is from tuition, contributions, contracts and grants, government appropriations, and auxiliary operations.

Generally accepted accounting principles dictate that the University must use accrual basis accounting. This accounting method requires that revenue must be recognized in the period in which it is earned, not necessarily when the cash is received. Revenue is considered earned when the University has substantially met its obligation to be entitled to the benefits represented by the revenue.

See the ACCOUNTING FOR REVENUE section below for additional information related to proper accounting practices.

TYPES OF REVENUE
The University has nine principal operating revenue streams, which generally adhere to the recognition principles articulated above, but may also have additional and/or unique requirements for how the funds are accounted for and administered.

A. Tuition and Student Fees
B. Government Appropriations
C. Grant and Contract Revenue
D. Gifts and Contributions
E. Medical Services
F. Investment Earnings
G. Auxiliary Enterprises
H. Educational Activities
I. Other Sales and Services

Although not true revenues, sections are also included for:

J. Interdepartmental Revenues
K. External Organization Income

A. TUITON AND STUDENT FEES
The tuition and mandatory fees category includes all tuition and fees (net of refunds, bad debt estimates, and any discounts recognized) assessed for educational purposes. Tuition and fees that are levied for academic terms that fall entirely within one fiscal year are recognized as revenue in that fiscal year. Care should be taken to ensure that prepaid tuition is deferred and that unpaid tuition is accrued at the end of the fiscal year.

| TUITON | Tuition is money received in exchange for instruction for which the student or participant receives course credit. In most cases, this applies to matriculated students, however, there are some scenarios where courses are offered, for credit, to |

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### Required Documentation
For matriculated and non-matriculated students, tuition revenue is evidenced by an active registration record in the student system.

### Procedural Notes
Tuition for matriculate students should only be processed by the Bursar’s Office in Ithaca or WCMC Student Accounting through their respective student systems. In Ithaca only, allocation of tuition revenue is only processed by the Budget Office and should always net to zero.

Permitted Ithaca object codes include:
- 4150 Tuition - Undergraduate
- 4190 Tuition - Professional
- 4210 Tuition - Graduate

Permitted WCMC GL codes: 4010xx

Tuition for non-matriculated students (e.g. high school students, students from other schools or colleges, staff, retirees, etc.) enrolled in credit course offerings in the Summer Session, Winter Session, or Extramural Study is recorded through the School of Continuing Education & Summer Sessions.

Permitted Ithaca object code is:
- 4170 Tuition - Non-Degree, Credit Received

### MANDATORY FEES
Mandatory fees are defined as the charges, in some cases authorized by the Board of Trustees, assessed by the University to each and every full-time student for each term. These include only student activity fees and in absentia fees for Ithaca, and school/program fees at WCMC. In some cases, a waiver or other exemption may be permitted.

### Required Documentation
For matriculated and non-matriculated students, mandatory fee revenue is evidenced by an active registration record in the student system.

### Procedural Notes
The majority of mandatory fees are processed by the Bursar’s Office in Ithaca/WCMC Student Accounting through their respective student systems.

Permitted Ithaca object codes include:
- 4180 Fees - Undergraduate Mandatory
- 4200 Fees - Professional Mandatory
- 4215 Fees - Inabsentia - Graduate
- 4220 Fees - Graduate Mandatory

Permitted WCMC GL codes:
- 401201 Graduate School Fees
- 401202 Medical Fees
- 401204 Physician Assistant Program Fees
- 401205 CHIP Program Fees

Mandatory fees associated with courses for credit for non-matriculated students on the Ithaca campus may be recorded by Continuing Education & Summer Sessions or colleges. Permitted Ithaca object code is:
- 4160 Fees - Non-Degree Mandatory
B. Government Appropriations

Cornell receives appropriations from both the federal government and New York State. Typically, appropriations are awarded based on legislation, and not through an application process, though special reporting may be required to maintain the appropriation. The government appropriations revenue source does not include government grants and contracts (see the Grants, Contracts, and Similar Agreements section below).

| Federal Appropriations (Ithaca only) | Federal appropriations are funds distributed through various federal agencies for land grant institutions such as Cornell. The funds are used for agricultural education and research, other special research projects, and extension activities. The primary legislation/programs providing funds to Cornell are the Hatch Act of 1887 and the McIntire–Stennis Act of 1962 (for agricultural experimental stations at state land-grant colleges), and the Smith–Lever Act of 1914 (for cooperative extension services). Each state must match its Federal cooperative extension funds.

Federal financial aid that is “passed through” Cornell, such as Pell grants and Perkins loans, is not considered revenue to the University. Funding provided by the government is recorded as either a payment on a receivable or as a liability. |
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<tr>
<td>Required Documentation:</td>
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| Procedural Notes: | Federal appropriation revenue may only be recorded by the Sponsored Financial Services (SFS) or Cornell Cooperative Extension in Ithaca, or WCMC Research Accounting (RA).

Permitted Ithaca object code includes:

4430 Appropriation - Federal

NOTE (Ithaca): Federal appropriation revenue should only be recorded in subfund APFEDL accounts, and subfund program codes should be used to identify the specific federal program providing the funds. |

| State Appropriations | State appropriations are funds appropriated by the State of New York for distribution to the University. |
|---|
| Required Documentation: | Electronic notification from SUNY and verification of certificate of authority to spend through the SUNY reporting portal (State Financial System) |
| Procedural Notes: | For the Ithaca campus, state appropriation revenue is only processed by the Budget Office, with the exception of the State University Construction Fund which is processed by the Facilities. At WCMC, all deposits are overseen by WCMC General Accounting (GA).

Permitted Ithaca object codes include:

4440 Appropriation - NYS Bundy (for financial aid)
4460 Appropriation - NYS Base Budget
4465 Appropriation - State Construction Fund (for capital projects)

NOTE (Ithaca): State appropriation revenue should only be recorded in subfund APSTAT accounts, and subfund program codes should be used to identify the specific state program providing the funds. |

Permitted WCMC GL code:

411001 State & Federal Appropriations (Bundy Aid only)
C.  GRANT AND CONTRACT REVENUE

Funding from an external entity, such as a governmental agency, corporation or private foundation, is recorded as grant and contract revenue (sometimes referred to as “sponsored” revenue) when it is for an activity with a defined budget, period of performance, and scope of work undertaken by the University, and with the expectation of an outcome that directly benefits the resource provider. The agreement with the external entity may take the form of a contract, grant, or cooperative agreement, and is generally in direct support of the University’s mission.

Grant and contracts revenue is earned and recognized when expenses have been incurred except as otherwise provided in the terms and conditions of the award.

GRANT/CONTRACT vs CONTRIBUTION vs EDUCATIONAL ACTIVITIES/OTHER REVENUE

The main distinction between grant and contract revenue and educational activity or other revenue lies in the nature of the resource provider and the purpose of the agreement.

- Agreements with governmental agencies, whether federal, state or local, are typically considered sponsored and result in grant and contract revenue.
- Agreements with nongovernmental organizations, such as corporations or foundations, often require additional review to categorize appropriately. The furnishing of goods and services in support of a specific research, development, or public service project are generally considered sponsored activity.
- Agreements involving human participants, laboratory animals, radioactive or hazardous materials, biohazards (including recombinant DNA), or export controlled materials are considered sponsored activity, and the associated revenue recorded as grant and contract revenue.
- Agreements involving instructional activities (e.g. corporate or executive education), services not requiring novel intellectual explorations, or the routine sale of goods or services are normally NOT considered to be sponsored activity and is recorded as educational activity or other revenue.

The main distinction between grant and contract revenue and contribution (gift) revenue lies in the benefit provided to the resource provider. Entities such as foundations typically intend, indeed may require, the recipient to consider the support a gift. Sponsored agreements will require the University to provide “deliverables,” such as prototypes, personal property, rights to intellectual property, financial or other reports, audit rights, or some other benefit to the mission or business of the funder. If the resource provider does not anticipate anything in return, or if the benefit provided by the University is primarily a public benefit rather than a proprietary one, then the transaction is a contribution. In some cases, great deal of judgment is necessary. Appendix A provides the recommended, detailed criteria used to evaluate if a transaction constitutes grant and contract, contribution, or educational and other revenue.

NOTE: The classification of the revenue does not necessarily determine which central office provides primary proposal and stewardship oversight. This is determined by both the requirements of the agreement and the policies promulgated by the respective offices in Ithaca or at WCMC. Units should contact Sponsored Financial Services (SFS) in Ithaca or Research Accounting at WCMC (WCMC RA) who will consult with the Office of Sponsored Programs (OSP) in Ithaca or Office of Sponsored Research Administration (OSRA) at WCMC, in instances where it is unclear which revenue classification is appropriate.

| GRANTS, CONTRACTS, AND SIMILAR AGREEMENTS | Grants are awards of financial assistance, usually from a governmental agency or foundation, primarily for carrying out a public purpose of support or stimulation. A grant is distinguished from a contract, which is used to acquire property or services for the government's direct benefit or use. |

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Contracts bind the University to a set of specific terms and conditions and involve a related reciprocal transfer of something of value to the sponsor (generally, a corporation). In general, contracts contain a precisely stated expectation of a definable work product on some set schedule as a condition of payment. Also, contracts generally provide for tighter control by the sponsor over the scope of work and utilization of funds.

A cooperative agreement is used to enter into the same kind of relationship as a grant, but is distinguished from a grant in that it provides for substantial involvement and interaction between the governmental agency and the University.

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<th>Required Documentation:</th>
<th>Sponsored agreement</th>
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**Procedural Notes:**

Agreements that are deemed sponsored (and therefore recorded as contract and grant revenue) must be proceeded by a formal proposal, submitted through OSP/OSRA, unless otherwise authorized by the Office of the Vice Provost for Research. See [http://www.osp.cornell.edu/ProposalPrep/default.html](http://www.osp.cornell.edu/ProposalPrep/default.html) (Ithaca) or [http://osra.weill.cornell.edu/resources/index.html](http://osra.weill.cornell.edu/resources/index.html) (WCMC) for details on proposal submission. Award documents are reviewed, negotiated and executed by OSP/OSRA on behalf of the University. Principal Investigators receiving award documents directly should forward them to OSP/OSRA for processing.

SFS/WCMC RA, in conjunction with the unit, establishes awards and accounts in the financial system. See [http://www.dfa.cornell.edu/accounting/topics/sponsoredfinance/managingawards/index.cfm](http://www.dfa.cornell.edu/accounting/topics/sponsoredfinance/managingawards/index.cfm) (Ithaca) or [http://intranet.med.cornell.edu/finance/finance-areas/research-accounting.html](http://intranet.med.cornell.edu/finance/finance-areas/research-accounting.html) (WCMC). All cash receipts, revenue recording and financial reporting on sponsored awards must be done by SFS/WCMC RA.

Permitted Ithaca object code includes:

- 4480 Contract & Grant Revenue Direct

Permitted WCMC GL codes: 41xxxx

**NOTE (Ithaca only):** Sponsored agreements that have been determined to be contributions, in accordance with the revenue classification guidance provided, should be recorded as gift revenue (object code 4340 Gifts of Cash) in accounts with a subfund of CGGIFT.

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**Clinical Trials (WCMC only)**

Clinical trials are research studies funded by sponsors which are designed to test the safety and/or effectiveness of drugs, devices, or behavioral interventions in humans.

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<th>Required Documentation:</th>
<th>Clinical trial agreement</th>
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**Procedural Notes:**

The Joint Clinical Trials Office (JCTO) is a joint venture between NewYork-Presbyterian Hospital and Weill Cornell Medical College to foster and advance industry clinical research. The JCTO provides fully-integrated support to investigators involved in industry clinical research. Services are offered in the areas of contracting, finance, research integrity, study activation, social media and community outreach all under one umbrella. See [http://jcto.weill.cornell.edu/](http://jcto.weill.cornell.edu/) for details on procedures for industry-funded clinical trials at WCMC.
Federal and foundation funded clinical trials are submitted through OSRA. Sponsor documents are reviewed, negotiated and executed by OSRA. Principal Investigators receiving sponsor documents directly should forward them to OSRA for processing. See [http://osra.weill.cornell.edu/](http://osra.weill.cornell.edu/) for procedures for federal and foundation funded clinical trials at WCMC.

Revenue for clinical trials is recognized as expenses are incurred.

Permitted WCMC GL codes: 41xxxx

### TRAINING CONTRACTS WITH NYS (Ithaca only)

Provision of training services to the State of New York and its agencies; for example, training in the use of behavioral restraints to the Office of Children and Family Services. These do not include courses offered to the general public or to Cornell students.

**Required Documentation:** Training contract

**Procedural Notes:**
Due to the complexities of NYS contracting, and the necessity of including such contracts in our Vendor Responsibility Questionnaire, all such agreements should be processed through the OSP.

Permitted Ithaca object code includes:
- 4480 Contract & Grant Revenue Direct

### FACILITIES AND ADMINISTRATIVE COST RECOVERY

Sponsored awards are charged facilities and administrative (F&A) costs (aka IDC – Indirect Cost, or ICR – Indirect Cost Recovery). In and of itself, F&A recovery is not a true revenue to the University, however, it does represent a significant redistribution of resources and is so entwined with grant and contract revenue, that it bears inclusion in this document.

**FACILITIES AND ADMINISTRATIVE COST RECOVERY (F&A)**

Sponsored agreements are allocated and charged a portion of the University’s facilities and administrative (F&A) costs using the indirect cost rate (ICR), also called the F&A rate. The rates are Federally-negotiated or University-approved, and can be found at:
- [http://www.dfa.cornell.edu/accounting/topics/costanalysis/facostrates.cfm](http://www.dfa.cornell.edu/accounting/topics/costanalysis/facostrates.cfm) (Ithaca)
- [http://osra.weill.cornell.edu/pre_award/indirect_costs.html](http://osra.weill.cornell.edu/pre_award/indirect_costs.html) (WCMC).

**Required Documentation:** n/a

**Procedural Notes:**
Sponsored agreements are charged the negotiated F&A rates, whether identified in the agreement or not, unless the sponsor has a written policy that precludes such recovery, and the University has accepted the award with this restriction. The Dean or delegate, after consideration of the proposed agreement, may authorize OSP/OSRA to accept an alternative F&A cost arrangement. To avoid administrative burden, alternate F&A arrangements should conform to existing rate bases (e.g. Modified Total Direct Costs, Total Direct Costs, Salaries and Wages, Gift Exclusions). Contact SFS/WCMC RA for additional information or assistance.

Only SFS (Ithaca) or WCMC RA or WCMC Indirect Costs and Fringe Benefit Department may record or adjust F&A transactions.
NOTE (Ithaca only): Ithaca units MAY correct distributions of the PI’s share of F&A on object code 4295.

Permitted Ithaca object codes include:

- 4280 Institutional Allowance (for payments from sponsors in lieu of indirect cost rate)
- 4290 F & A Recoveries
- 4295 F & A Return (for the 2% PI/Co-PI's share)

Permitted WCMC GL codes: 42xxxx

NOTE: The revenue and expense sides of F&A transactions must always net to zero in the general ledger. For financial statement purposes, the expense side of the F&A transaction nets against “direct” grant and contract revenue, enabling presentation of grant and contract revenue as direct or indirect.

NYS LABOR FRINGE BENEFITS (ITHACA ONLY)

The University has an obligation to reimburse the State of New York for employee benefits on all Contract College sponsored projects. An exception to this is where the sponsor is the State of New York, and the money is coming from the State's General Fund. Please note that this exemption does not extend to:

- NYS Special Revenue Funds and similar sources
- Federal flow-through via a NYS agency
- Local governments, school districts, other state governments
- Contracts with entities other than the State of New York

D. GIFTS AND CONTRIBUTIONS

A gift/contribution is an unconditional transfer of cash or other assets to the University in a voluntary, nonreciprocal transfer by another entity. Several components of this definition merit further definition:

unconditional: A condition is defined as “a donor stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred or releases the promisor from its obligation to transfer the assets.” A conditional transfer is not a contribution because the donor can revoke the transfer if the condition does not occur. However, a conditional transfer becomes a gift/contribution when the condition that the donor specified is met.

cash or other assets: Gifts/contributions come in many forms. In addition to a transfer of cash, a contribution may involve a transfer of investments, equipment, royalty rights, or other assets – or an unconditional promise to make such a transfer in the future. Alternatively, a gift/contribution may involve the cancellation or settlement of a liability, or an unconditional promise to cancel or settle it in the future. The form of the gift/contribution generally does not affect its recognition.

voluntary: Even if the transaction is nonreciprocal in nature, the resource provider must enter into it voluntarily. Taxes, fines, and other involuntary transactions are not gifts/contributions.

nonreciprocal: To be considered a gift/contribution, a transfer or promise to transfer must be made in connection with a nonreciprocal (or “one way”) transaction. Exchange transactions, in which each party to the transaction receives goods or services of approximately equal value, are not gifts/contributions.
Although a donor may place some restrictions on the use of or disposition of a gift and may require a report that demonstrates that the donor’s wishes have been met, these terms do not make the gift a sponsored award. Such restrictions essentially create a fiduciary responsibility in which the University, by accepting the gift, is obligated to carry out the wishes of the donor.

Contribution revenue is recognized in the period in which it is received. There are additional accounting requirements for contributions, making it especially important to properly distinguish between contributions and exchange or agency transactions. See Appendix A for guidelines on making this distinction.

RESTRICTION CLASSIFICATION

The University must classify its contribution revenue based on the existence or absence of donor restrictions.

Permanently Restricted: Contribution of assets that the donor directs to be maintained permanently or invested in perpetuity (generally, true endowments). The restriction can never be removed by actions of the University, although the restriction can be removed by court order or donor approval.

Temporarily Restricted: Contribution of assets that may be used only after a specified period of time or only for a specific purpose, or both. The restriction is satisfied either by the passage of time or by actions of the University.

Unrestricted: The donor has made no limitations or restrictions on the use of funds; i.e. the gift is "for Cornell." On the Ithaca campus, gifts with no restrictions other than to a college or department are treated as unrestricted for accounting purposes (the donor restriction must still be followed by the benefitting unit). This practice is called simultaneous release (for more information see: http://www.dfa.cornell.edu/accounting/topics/giftfunds/restrictions/release.cfm). At WCMC, if a gift is received that is restricted to a department, the gift is considered temporarily restricted until the funds are utilized by the specified department.

CONTRIBUTIONS vs AGENCY TRANSACTIONS

If University is primarily a conduit through which funds are being transferred to an individual or another organization, and the institution has little or no discretion in determining who will receive the funds, then the transaction, for accounting purposes, is an agency transaction and no contribution revenue is recorded. For example, Pell Grants fall into this category, as the federal government awards the grant and the University only facilitates getting the funds to the eligible students.

OPERATING GIFTS

All contributions (gifts) that are available to be spent, whether the donor has imposed a restriction on the purpose or not, are recorded as operating gifts.

This document does not address gifts that are considered “nonoperating” which include:

- gifts to establish or enhance endowments
- gifts of long-lived assets, or to construct long-lived assets
- deferred giving, such as trusts and gift annuities (i.e. split interest agreements)

NOTE: Operating gifts should be spent and NOT placed into funds functioning as endowments (FFEs) as this action does not satisfy the donor’s restriction to spend the resources for a particular purpose. Gifts should only be invested if specified by the donor documentation.

Required Documentation:
- Signed donor documentation
- Pledge card (for annual fund gifts)
| Procedural Notes:                                                                 |
| Policy 3.1 Accepting University Gifts must be reviewed and understood by any unit receiving contributions. All gifts must be processed through Alumni Affairs and Development (AA&D)/WCMC Office of External Affairs (OEA). |
| Permitted Ithaca object code includes:                                          |
| 4340 Gifts of Cash                                                             |
| Permitted WCMC GL codes:                                                       |
| 43xxxx Gifts                                                                   |

| GIFTS-IN-KIND                                                                 |
| An “in-kind” contribution is a gift of anything other than monetary assets (cash or marketable securities). In-kind goods and services are typically goods and services that the University would otherwise have to buy if they hadn't been donated. The value of the donated goods is recorded as the amount the University would have to pay for similar items |
| NOTE: Gifts of capital assets (as defined by Policy 3.9 Capital Assets) are considered nonoperating gifts. Also, the University does not typically record the value of donated services. |

| Required Documentation:                                                        |
| Signed donor documentation                                                      |
| IRS Form 8283 (as required by IRS; NOTE: It is the donor’s responsibility to submit this form to the University for completion.) |

| Procedural Notes:                                                              |
| The acceptance of any gift-in-kind must be authorized by AA&D/WCMC OEA. Refer to Policy 3.1 Accepting University Gifts for additional information. |
| When gifts-in-kind are received, both a revenue and expense transaction is recorded. |
| Permitted Ithaca object codes include:                                          |
| 4350 Gift In Kind – Contribution                                               |
| The expense code will be whichever Ithaca object code best represents the type of expense if the item was purchased. |
| Permitted WCMC GL codes:                                                       |
| 43xxxx Gifts                                                                   |

| PLEDGES                                                                        |
| A distinction is made between an intention to give and an unconditional promise to give (pledges); intentions to give are non-binding and not recorded as assets; unconditional promises to give are considered binding, and therefore, are recorded. If it is clear that a communication from a donor is clearly an unconditional promise to give, then it would be recorded as a receivable and contribution revenue, regardless of whether or not it is legally enforceable. |

| Required Documentation:                                                        |
| Gift Intention Form                                                             |
| Signed donor agreement                                                          |

| Procedural Notes:                                                              |
| Units must not record or accrue any revenue related to pledges. Pledges are only recorded based on information provided by Alumni Affairs and Development (AA&D) by General Accounting in the University Controller’s Office at the institutional level. As payments on pledges are received, they are recorded in the |
unit accounts as gift revenue (Ithaca object code 4340/WCMC GL code 43xxxx). General Accounting prepares the necessary accounting entries to ensure that pledge activity is properly recorded and that revenue is not duplicated.

Permitted Ithaca object codes include:
- 4340 Gifts of Cash (at unit level, when payments are received)

Additional transactions are recorded for financial statement purposes only, using:
- 4310 Pledge Change in Balance (at institutional level)
- 4365 Gift Pledge Payment (at institutional level, offsets 4340)

**INDIRECT COST RECOVERY/DEAN’S ASSESSMENT**

Restricted gifts are assessed an indirect cost recovery (ICR) in Ithaca, or Dean’s Assessment at WCMC. In and of itself, the gift ICR/Dean’s Assessment is not a true revenue to the University, however, it does represent a redistribution of resources and is so entwined with contribution revenue, that it bears inclusion in this document. All income from endowment payout, gifts that support financial aid, and WCMC campaign gifts are automatically exempt from the gift ICR/Dean’s Assessment.

**INDIRECT COST RECOVERY ON GIFTS**

Restricted gifts are charged a 10% indirect cost rate in Ithaca or a 15% Dean’s Assessment at WCMC on all costs other than financial aid. The gift ICR/Dean’s Assessment does not apply to endowment payout. The Dean/VP, after consideration of the proposed gift, may choose to waive or accept an alternative indirect cost/assessment arrangement. Note: Gifts for research faculty recruitment at WCMC are charged a 10% Dean’s Assessment.

**Required Documentation:**
For waivers: Return of Indirect Cost on Restricted Gift Accounts form (endowed Ithaca) or memo with dean/director approval (contract colleges, WCMC) for gift ICR/Dean’s Assessment waiver

**Procedural Notes:**
Only General Accounting may record or adjust the ICR/Dean’s Assessment on gifts.

Permitted Ithaca object code includes:
- 4270 Gifts - Indirect Cost

Permitted WCMC GL code:
- 524000 Gift IDC Revenue – Internal Income

The expense side of these transactions is on Ithaca object code 9080 (Indirect Cost - Gifts – Expense)/WCMC GL code 724000 (Gift IDC Expense – Internal Expense). These two object codes/GL codes must always net to zero.

**NYS LABOR FRINGE BENEFITS (ITHACA ONLY)**

The University has an obligation to reimburse the State of New York for employee benefits on all Contract College restricted gift accounts, except when the gifts are from University alumni (including alumni foundations) or the income is from endowment payout (use subfund program of ALUMNI or ENDINC, respectively).

**E. MEDICAL SERVICES**
### Medical Physicians Organization (WCMC only)

Medical services includes revenue generated by physician members conducting instructional and research activities as well as clinical practice income from their professional services to patients.

Revenues for research and other specific-purpose gifts, grants, or endowment income restricted to the Physicians Organization are not included in this category. Those revenues should be included in their respective revenue categories.

**Required Documentation:** TBD

**Procedural Notes:**
- Use is limited to Weill Cornell Medical College.
- Permitted WCMC GL codes: 44xxxx

**NOTE:** Ithaca object code 4005 (Medical Physicians Organization – medical services) should be used for financial statement reporting only.

### F. Investment Earnings

#### Interest Income, Dividends, Realized and Unrealized Gains and Losses

Investment income includes interest income, dividends earned and other investment gains, net of losses. Interest income, dividends, and realized gains and losses should be recognized when earned. Investments are generally reported at fair value and that unrealized gain or loss should be reported along with realized gains and losses.

**Required Documentation:** Bank/investment/fund statements

**Procedural Notes:**
- Use is limited to General Accounting/WCMC GA.
- Permitted Ithaca object codes include:
  - 4120 Realized Gains on Investment
  - 4130 Gains Withdrawal
  - 4370 Invest Income Interest & Dividends
  - 4380 Investment Service Charge
  - 4390 Income - Contractual Interest
  - 4410 Separately Invested
  - 4420 Interest Income - Trusts

**Permitted WCMC GL codes:**
- 45xxxx0 Interest Income, Dividends, Realized and Unrealized Gains

### Endowment Payout

Endowment payout represents the amounts distributed for spending from funds invested in the Long Term Investment Pool (LTIP). The payout amount is set annually by the Board of Trustees.

**Required Documentation:**
- Payout rate is authorized by the Board of Trustees and documented in Board minutes (and accessible at: [http://www.dfa.cornell.edu/accounting/topics/investedfunds/cyltiprates.cfm](http://www.dfa.cornell.edu/accounting/topics/investedfunds/cyltiprates.cfm))
- Alternate payout instructions are documented in donor agreements

**Procedural Notes:**
- Use is limited to General Accounting (Ithaca or WCMC). LTIP rates are available at: [http://www.dfa.cornell.edu/accounting/topics/investedfunds/cyltiprates.cfm](http://www.dfa.cornell.edu/accounting/topics/investedfunds/cyltiprates.cfm)
Permitted Ithaca object codes include:
   4400  LTIP Payout

NOTE (Ithaca): Units that need to distribute current year LTIP payout to a different account should use transfer codes, or 4409 (Dept CY LTIP Income Operating Accounts) on both sides of the entry (must net to zero).

Permitted WCMC GL codes: 45xxxx

G. AUXILIARY ENTERPRISES

An auxiliary enterprise is a non-academic entity that exists predominantly to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The general public may be served incidentally by some auxiliary enterprises.

The University’s auxiliary enterprises are restricted to the housing, dining, conference services, and the bookstore operations. Enterprise-like activities that are in direct support of the University mission, such as a veterinary hospital, teaching hotel, dairy store, orchards, etc. are recorded as educational activities revenue.

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<tr>
<th>AUXILIARY ENTERPRISES</th>
<th>A unit, operated similar to a business, that provides goods or services primarily to students or an external population, and for which the rates are intended to cover all costs for labor, goods and general operating expenses (including administrative overhead). Auxiliary enterprises generate revenues in excess of $10M per year; have physical spaces specifically dedicated and assigned to their operations, have multiple operating accounts and have their rates set and approved by the Board of Trustees, with the exception of certain retail locations.</th>
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<tbody>
<tr>
<td>Required Documentation:</td>
<td>Records from point-of-sales system or subsidiary system Contracts for housing, conference services, etc.</td>
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</tbody>
</table>
| Procedural Notes: | Permitted Ithaca object codes include (limited to Campus Life):
   4012  Revenue - Sales of Goods Enterprise
   4013  Revenue - Campus Store Enterprise
   4240  Revenue - Student Housing Campus Life
   4250  Revenue - Student Dining Campus Life
   4032  Revenue - Conferences Enterprise
   4082  Revenue - Commission Enterprise
   4112  Revenue - Other -Enterprise |
|                      | Permitted WCMC GL codes: 46xxxx Auxiliary Enterprises |

H. EDUCATIONAL ACTIVITIES

The sales and services of educational activities category includes (1) revenues that are related to the conduct of instruction, research, and public service and (2) revenues of activities that exist to provide instructional and laboratory experience for students and that create goods and services that may be sold to students, faculty, staff, and the general public.
Examples of revenues of educational activities include: teaching hospitals or hotels; executive education; sales of scientific and literary publications; testing, consulting, or other technical services; sales of products and services of dairy operations, food technology divisions or farms.

If sales and services to students, faculty, or staff is the purpose of an activity, rather than incidental to a mission-related activity, the revenue should be classified as sales and services of an auxiliary enterprise (see above). This category also excludes operations defined elsewhere as Program Income, Recharge Operations, or Service Facilities.

### ACADEMIC ENTERPRISES

Revenue from operations related to the University’s mission that are managed similar to commercial-like entities. These differ from auxiliary enterprises in that the business purpose of the operation supports the mission of the unit through provision of practical experience, instructional or research opportunities, or is a by-product of mission-related activities.

**Required Documentation:**
Records from point-of-sales system or subsidiary systems when used
Contracts for services, invoices for sale of goods, etc.

**Procedural Notes:**
Permitted Ithaca object codes include:
- 4000 Sales Discounts (reduction of revenue)
- 4010 Revenue - Sales of Goods
- 4040 Revenue - Products

**NOTE (Ithaca only):** See the INTERDEPARTMENTAL REVENUES section for sales that are to other University units.

Permitted WCMC GL codes:
- 499599 Miscellaneous Income

### ATHLETICS

(ITHACA ONLY)

Revenue from athletic events, including ticket sales, game guarantees and NCAA funding, held at the University.

**Required Documentation:**
TBD

**Procedural Notes:**
Permitted Ithaca object codes include:
- 4260 Revenue – Athletic

### EDUCATIONAL SALES AND SERVICES

Revenue received in exchange for instruction for which the student or participant does NOT receive course credit. Generally, the instruction will take the form of individual course offerings, executive education, or instructional conferences/workshops.

**NOTE:** When there is partial support by a sponsored agreement, the revenue may be considered PROGRAM INCOME (see below). Contact SFS for assistance.

**Required Documentation:**
Participant registration form

**Procedural Notes:**
Permitted Ithaca object codes include:
- 4030 Revenue - Conferences
- 4105 Course Revenue- Non-Degree, Non-Credit

Permitted WCMC GL codes: 499xxx
| PROGRAM INCOME | Program income is directly generated by sponsored activity or earned only as a result of the sponsored agreement during the grant period. This includes revenue generated from the following sources; it may be necessary to review the specific award proposal to make this determination.  
| | • income from fees for services performed, such as chip fabrication  
| | • money generated from the use or rental of equipment purchased with project funds  
| | • proceeds from the sale of supplies or equipment purchased or fabricated with project funds  
| | • proceeds from the sale of software, media, or publications  
| | • income from the sale of research materials such as animal models;  
| | • fees from participants at grant-supported conferences or symposia  
| | • sales of products with an accompanying material transfer agreement  
| | Unless the sponsor regulations or the terms and conditions of the award provide otherwise, there is no obligation to report program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks and inventions to the federal government.  
| | If revenue is determined to be Program Income (from sources other than those stated in previous paragraph), Policy 3.8 Program Income from Sponsored Projects requires units to record it separately from, but associated with, a sponsored award and comply with the requirements of the award document.  
| Required Documentation: | Sponsored agreement  
| Procedural Notes: | Program income should be recorded on whichever Ithaca object code/WCMC GL code most accurately represents the type of revenue, however, must be in a CGPROG (subfund) account/WCMC WBS account. |
| PUBLICATIONS | Revenue from the sale of publications to external customers.  
| Required Documentation: | Sales contract  
| | Individual subscription  
| Procedural Notes: | Permitted Ithaca object code includes:  
| | 4050 Revenue - Publication  
| | Permitted WCMC GL codes:  
| | 499599 Miscellaneous Income  
| QATAR AND OTHER AFFILIATES (WCMC ONLY) | Revenue received from Qatar Foundation for the operation of WCMC – Qatar. In addition, revenue received from WCMC’s various affiliations including, but not limited to, New York Presbyterian Hospital (NYPH).  
| Required Documentation: | Qatar contract/ Affiliate contracts/ Qatar and Affiliate Invoices  
| Procedural Notes: | Permitted WCMC GL codes: |
| ROYALTIES                                                                 | Compensation, consideration, or fee paid by an external entity for a license or privilege to use University "intangible property," such as intellectual property (brand, copyright, patent, process) or a natural resource (fishing, hunting, mining), computed usually as a percentage of revenue or profit realized from the use.  

NOTE: The University’s Center for Technology Licensing is the only unit authorized to license university intellectual property.  

Required Documentation: Agreement (consult with University Counsel)  

Procedural Notes: Permitted Ithaca object codes include:  

| 4090 | Revenue - Royalty  

Permitted WCMC GL code:  

| 499035 | Royalties  

---

| SERVICE INCOME                                                                 | Revenue from external customers from the sales of miscellaneous services that does not fit in any other category.  

Required Documentation: Cornell University Service Agreement (consult with University Counsel)  

Procedural Notes: Permitted Ithaca object codes include:  

| 4060 | Revenue - Sales of Services  

Permitted WCMC GL codes: 46xxxx  

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| STUDENT HOUSING AND DINING (ITHACA ONLY) | Revenue for room and board that is NOT through Campus Life (see Auxiliary Enterprises) or associated with a conference (see Conferences). Examples may
include room and board revenue collected from students for Summer Sessions, Cornell in Washington, Cornell Abroad, and other off-campus programs.

**Required Documentation:** Housing or dining agreement

**Procedural Notes:** Permitted Ithaca object codes include:
- 4241 Revenue - Student Housing and Dining

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**TESTING AGREEMENTS**

Testing agreements are contracts with external clients to use the University’s unique equipment and capabilities to evaluate or test a product or device under the following circumstances:

- Client has a defined testing protocol that can be completed within one year with a budget not to exceed $20,000.
- Testing does not involve original research, adding value to nor finding new uses for the material, and there will be no resulting intellectual property.
- Deliverables to the client are limited to a copy of the testing report.
- There may be no changes to the terms and conditions of the University’s standard agreement.
- The agreement may not be used for transactions with federal or state agencies, or from third parties using federal or state funds, or for tests that require performance in compliance with federal or state agency requirements.

If all these conditions cannot be met, the contract must be executed through the OSP, and the revenue is considered grant and contract revenue.

**Required Documentation:** Routine Product Testing Agreement (less than $20,000)

**Procedural Notes:** Permitted Ithaca object code includes:
- 4062 Revenue-Testing Agreements

Permitted WCMC GL codes: 412xxx

---

**I. OTHER INCOME**

Many institutions have an "other" category to reflect any exchange revenues not considered elsewhere. Examples are miscellaneous rentals and sales, miscellaneous fees, and items that are not material enough to warrant separate disclosure.

**FEES/ DUES**

Membership dues are often collected by associations, and have the following characteristics:

- provide goods or services to members
- a defined period is assigned to the benefit, and additional dues are necessary to continue the benefits
- refunds are given if membership is terminated
- only available to those that meet certain criteria

To the extent that membership dues provide economic benefits or services to the public (or the institution, presumably), no additional dues are necessary to continue benefits, no refunds are given for membership cancellation, and membership is available to the public, then the dues are gifts or contributions. All these criteria should be examined; no one criterion is determinative alone.
## Fee Income

Fee income includes miscellaneous charges to customer, other than fees for conference registration, which do not fit any other category. Examples include application fees, cancellation fees, late fees, wire transfer fees, monthly service charges, etc. Generally, fees do not involve an exchange of goods or direct services, though may provide access to a good or service (e.g. fees for certain physical education classes which require access to specialized equipment or facilities).

**Required Documentation:** n/a

**Procedural Notes:**
Permitted Ithaca object codes include:
- 4075 Revenue - Fees/Dues
- 4115 Fees - Loan Collection
- 4230 Fees - Application

Permitted WCMC GL codes:
- 401070 Student Returned Check/Insufficient Fund Charges
- 401206 CHIP IPAD Fees
- 401211 Grad School Student Matriculation/Graduation Fee
- 401213 PA Program Student Matriculation/Graduation Fee
- 401220 Graduate School Application Fees
- 401221 Medical School Application Fees
- 401222 University Fees
- 401223 Class Dues
- 401601 Student Finance Charges Revenue

## Commissions

Payments by external parties, generally based on sales price of property sold or gross receipts from sales or events. Some examples are brokerage commissions for sale of real property; commissions paid on sales of certain products, etc.

**Required Documentation:** Contract or agreement (consult with University Counsel)

**Procedural Notes:**
Permitted Ithaca object codes include:
- 4080 Revenue - Commission

Permitted WCMC GL codes:
- 415000 Cash Receipts Other Non PO
- 499599 Miscellaneous Income

## Corporate Sponsorship (Ithaca Only)

Financial backing by external parties of an event or program in which the corporate sponsor receives “substantial benefit” in return. These benefits may include some, but necessarily all, of the following characteristics:
- exclusivity - a promise that it will be the “exclusive” sponsor
- providing prices, indications of savings or value, endorsements, or inducements to buy a sponsor’s products or services
- providing a link to the page of a sponsor’s website where a product or service is sold, or listing the phone number where the product or service can be ordered
- providing more than token services or other privileges to the sponsor in return for its sponsorship payment, such as tickets to an event that are complimentary and not otherwise available to the public, or lavish receptions
<table>
<thead>
<tr>
<th><strong>Objective</strong></th>
<th><strong>Description</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• payment from a corporate sponsor that is contingent upon the level of</td>
<td>attendance at a University event.</td>
</tr>
<tr>
<td>• advertising or acknowledgments in regularly scheduled and published</td>
<td>materials</td>
</tr>
<tr>
<td>• other specific advertising opportunities</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** Payments from corporate sponsors would be considered gift of contribution revenue if only “general” information about the sponsor (e.g. name, logo, general phone number, locations, internet address for sponsor’s home page (not a page where products or services are marketed or sold)) is included in printed media or on a website. Value-neutral displays of a sponsor’s products or services, or the distribution of free samples of a sponsor’s products, may not constitute “substantial benefit” at a nonprofit’s event. The nonprofit should not endorse the product/service.

<table>
<thead>
<tr>
<th><strong>Required Documentation:</strong></th>
<th>Sponsorship agreement (consult with University Counsel)</th>
</tr>
</thead>
</table>

| **Procedural Notes:**       | Payments from a corporate sponsor can actually be a mixture of charitable contributions and corporate sponsorship. For example, a corporation's support for a conference or special event might be acknowledged with a banner and a public ‘thank you’ from the podium, but if the agreement also requires inclusion of a full page ad in the conference brochure or text written by the corporation that promotes its products and services to attendees at the conference, then a determination may need to be made on how much of the payment constitutes corporate sponsorship vs contribution revenue. Questions related to classification of revenue as a corporate sponsorship or a contribution should be directed to AA&D. Corporate sponsorship income also has unrelated business income tax implications for the University. |

Permitted Ithaca object code includes:  
4100  Revenue - Corporate Sponsorships

<table>
<thead>
<tr>
<th><strong>RENTAL INCOME</strong></th>
<th>Rents paid by external customers for use of rooms, facilities, University-owned housing, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Required Documentation:</strong></td>
<td>Lease or rental contract</td>
</tr>
<tr>
<td><strong>Procedural Notes:</strong></td>
<td>Cornell's Real Estate Department/WCMC Real Estate Committee must be involved in long-term rental of any University-owned or University-leased real estate.</td>
</tr>
</tbody>
</table>

Permitted Ithaca object codes include:  
4070  Revenue - Real Estate Rental

Rental income for WCMC is included in Affiliate Revenue 49xxxx GL codes.

<table>
<thead>
<tr>
<th><strong>STUDENT INSURANCE PREMIUMS</strong></th>
<th>Premium payments from students for participation in the University’s Student Health Plan.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Required Documentation:</strong></td>
<td>n/a</td>
</tr>
</tbody>
</table>
| **Procedural Notes:**         | Permitted Ithaca object code includes (limited to University Health Services):  
4065  Revenue - Student Insurance Premiums                                                                                                         |
OTHER REVENUE

Payments by external customers for transactions not otherwise described in this document. This category should be used sparingly.

Required Documentation: Dependent of nature of the transaction

Procedural Notes: Permitted Ithaca object codes include:
4110 Revenue - Other

Permitted WCMC GL codes:
415000 Cash Receipts Other Non PO
49xxxx Other Sales and Services

SALE OF ASSETS

Proceeds from the sale of a University-owned asset (either capital or non-capital).

Required Documentation: Bill of sale/WCMC email approval

Procedural Notes: Permitted Ithaca object codes include:
4800 Gain on Sale of Assets (external buyer)

Permitted WCMC GL codes:
673010 Gain/Loss on Sale of Fixed Assets

NOTE (Ithaca): Sale of assets to another University department should be transacted using 4850 Transfer from Sale of Assets on both sides of the transaction and net to zero. An Asset Transfer must also be processed in the financial system.

J. INTERDEPARTMENTAL REVENUES:

Various University units sell goods or provide services to other University units. This results in “revenue” to the internal services unit that is not true revenue to the University (no new resources are being provided from an external source). Therefore, these sales must be offset by the interdepartmental expenses charged to the University units – in total, interdepartmental revenues and expenses should net to zero.

SERVICE FACILITIES

An operating unit that provides goods or services primarily to the academic community for which it recovers some or all of the costs of those goods or services from users. Service facilities generate revenues in excess of $50,000 per year; typically provide goods or services to users across the University; have physical space specifically dedicated and assigned to their operation; have a separate operating account, and must have their user fees reviewed and approved by the Division of Financial Affairs annually. Examples of service facilities are machine shops, core facilities, or instrument and computer facilities. Contrast with Recharge Operation.

Required Documentation: Invoice, service contract or some other record of sale to the department customer

Procedural Notes: Permitted Ithaca object codes include:
### Interdepartmental Revenue

All other sales of goods or services to a University department, and by a unit not deemed to be a service facility or recharge operation, should be recorded as interdepartmental revenue.

**Required Documentation:** Invoice, service contract or some other record of sale to the department customer

**Procedural Notes:**

- Permitted Ithaca object codes include:
  - 4020 Interdept Revenue Misc
  - 4021 Interdept Revenue CUStore
  - 4022 Interdept Revenue Campus Life
  - 4023 Interdept Revenue Transportation
  - 4024 Interdept Revenue Copy Services

- Permitted WCMC GL codes: 466xxx, 499xxx

See [Policy 3.10 Recharge Operations and Service Facilities](#) for detailed information.

### Recharge Operation

An operating unit that provides goods or services primarily to the academic community for which it recovers some or all of the costs of those goods or services from users. Recharge operations generate revenue of less than $50,000 per year; typically provide goods or services to users in a single department; do not have physical space specifically dedicated and assigned to their operation; are not required to have a separate operating account, and have their user fees reviewed and approved by departmental administration annually. Examples of recharge operations are departmental charges for use of copiers, or small testing operations.

**Required Documentation:** Invoice, service contract or some other record of sale to the department customer

**Procedural Notes:**

- Permitted Ithaca object codes include:
  - 4020 Interdept Revenue Misc

- Permitted WCMC GL codes: 466xxx, 499xxx

See [Policy 3.10 Recharge Operations and Service Facilities](#) for detailed information.
Permitted WCMC GL codes:
- 50xxxx Internal Income
- 52xxxx Internal Income

NOTE (Ithaca only): Interdepartmental revenue and expenses should only be transacted on internal Billing or Service Billing documents in the financial system. The expense object codes used on the departmental customer accounts must be interdepartmental expense codes. All interdepartmental codes have an object subtype of “ID.”

K. EXTERNAL ORGANIZATION INCOME

Agency funds are not University funds, and should not be recorded as revenue. Agency transactions are processed through the University accounting records as a means of assisting informally organized groups related to the University (e.g., student clubs). Agency activity is excluded from the University’s statement of activities, and agency balances are considered a liability. Policy 3.16 External Organization Accounts is currently being updated to provide additional information.

ACCOUNTING FOR REVENUE

Generally accepted accounting principles dictate that the University must use accrual basis accounting. This accounting method requires that revenue must be recognized in the period in which it is earned, not necessarily when the cash is received. Revenue is considered earned when the University has substantially met its obligation to be entitled to the benefits represented by the revenue. Contractual adjustments or sales discounts should be recorded as a reduction of revenue, not an expense.

If subsidiary systems (e.g. point-of-sale systems, specialized industry-specific software applications, etc.) are used to process revenue transactions, revenue must be recorded in and reconciled to the University’s accounting system in a timely manner, as determined by the unit, though generally no less frequently than monthly.

Understanding that it may be impractical to comply with every accounting principal related to revenue, it becomes the responsibility of each operating unit of the University, under the general guidance of the University Controller, to determine and document adequate business processes and internal controls to adhere to these principles in all material ways.

RECEIVABLES

When revenue is earned, but payment is not yet received, accounts receivable (A/R) should be recorded and managed. Generally, subsidiary systems should record receivables as revenue is earned (when not paid in full). For manual systems, revenue earned during the month should be recorded monthly, with unpaid amounts recorded as receivables. At a minimum, every unit at fiscal year-end should analyze revenue earned during that fiscal year, and record as a receivable any amounts not yet collected.

\[
\begin{align*}
\text{DR} & \quad \text{Accounts Receivable} \\
\text{CR} & \quad \text{Revenue}
\end{align*}
\]

When payments for outstanding A/R are received (do not record revenue again!):

\[
\begin{align*}
\text{DR} & \quad \text{Cash} \\
\text{CR} & \quad \text{Accounts Receivable}
\end{align*}
\]
In addition, accounts should be established for allowances for uncollectible accounts. The amount of the allowance should be guided by the unit’s historical experience with collectability rates.

\[
\begin{align*}
\text{DR} & \quad \text{Bad Debt Expense} \\
\text{CR} & \quad \text{Allowance for Uncollectible Amounts}
\end{align*}
\]

When it is determined that an account cannot be collected, the receivable balance should be written off. See http://www.dfa.cornell.edu/accounting/topics/xxxxx for detailed expectations and guidelines related to write offs.

\[
\begin{align*}
\text{DR} & \quad \text{Allowance for Uncollectible Amounts} \\
\text{CR} & \quad \text{Accounts Receivable}
\end{align*}
\]

Units are responsible for reconciling their accounts receivable on a monthly basis, if revenue generating activities are occurring on a monthly basis. The unit should be able to produce the itemized details (invoices or customer account balances) which reconcile to the total reflected in the general ledger.

See http://www.dfa.cornell.edu/accounting/topics/reconciliation/index.cfm for additional guidance related to reconciliations.

**Accruals/Deferred Revenue**

To comply with the principle of recording revenue in the period in which it is earned, there may be occasions when cash is received, but the revenue is not yet earned. Deposits (whether refundable or non-refundable) and early or pre-payments should not be recognized as revenue until the revenue-producing event has occurred. When this occurs, deferred revenue or deposit should be recorded.

\[
\begin{align*}
\text{DR} & \quad \text{Cash} \\
\text{CR} & \quad \text{Deferred Revenue or Deposit}
\end{align*}
\]

Deferred revenue is very similar to deposits, and have sometimes been used interchangeably. Typically, they differ in that deferred revenue reflects a payment prior to when the revenue is actually earned, whereas a deposit is a payment that may be returned to the customer if the good or service is not provided.

**NOTE:** Revenue related to gifts or contributions should ONLY be accrued by University gift accounting staff (not by individual units).

**Materiality**

Materiality is the accounting concept that permits the noncompliance of another accounting guideline if the amount is insignificant. Operating units should evaluate the dollar threshold at which the reliability, relevance and completeness of financial information would be compromised. Decision-makers should keep in mind that materiality is cumulative – an omission of $100 may be insignificant, but a hundred instances of a $100 omission would not be. The operating units’ materiality threshold, along with the methodology for its determination, should be documented and included in the units’ SOX questionnaire (Ithaca only).

**Revenue vs Expense Reimbursement**

There are situations in which external parties provide resources that are considered reimbursement of expenses instead of revenue. Revenue should be the result of revenue-generating activities, like providing services or shipping a product. Being reimbursed for expenses is not a revenue generating activity; it generally means that either entity could have paid for the expense up front, but it happens to have been more convenient for the University to do so.

Examples of when a receipt should be treated as an expense reduction include:

- Refunds or rebates from a vendor for goods or services purchased from the vendor.
• Reimbursement of personal usage of university resources, such as a photocopier, by employees when the resources involved are typically not used to provide services on a fee for service basis. Such usage is normally not allowed, but may happen for insignificant and incidental items.

• Reimbursement of items purchased to facilitate an activity (e.g. selling t-shirts at cost to participants of the activity). Note that there may be sales tax implications; contact uco-tax@cornell.edu.

• Reimbursements from employees or students for lost university property.

• Payment of worker’s compensation claims from an insurance company. In this case this is an expense reduction because it reduces the cost of lost productivity.

Agreements with external entities where the University and the external entity agree to share the expenses of a particular activity. The cost of that activity reflected on the University’s books should appropriately be reflected as only its share of the expenses. If the activity is a revenue-generating activity, generally the full costs of the activity should also be reflected, and support from an external entity would be considered another source of revenue. This determination can sometimes be difficult; consult with DFA for assistance.
## APPENDIX A

**RECOMMENDED CRITERIA FOR DISTINGUISHING BETWEEN GIFT/CONTRIBUTION, SPONSORED CONTRACT/GRANT AND EDUCATIONAL ACTIVITY/OTHER REVENUE**

<table>
<thead>
<tr>
<th>CHARACTERISTICS OF:</th>
<th>GIFT/CONTRIBUTION</th>
<th>SPONSORED CONTRACT/GRANT</th>
<th>EDUCATIONAL ACTIVITY/OTHER</th>
</tr>
</thead>
</table>
| Resource Provider (source of funds) | • From a private individual  
• From private, non-governmental organizations, including foundations (in most cases), corporations or other organizations | • Externally funded/from an outside source  
• Governmental/quasi-governmental source (at any level) | • External entity |
| Benefit to Resource Provider | • No direct economic benefit or other tangible benefit comparable to the value of the gift; indirect benefits cannot negate a gift  
• Expect nothing of value in return, other than recognition and disposition of the gift in accordance with their wishes  
• No deliverables, though donor may request copies of publications that result from research supported with donated funds and ask to be acknowledged in such publications | • Reciprocal transfer of something of value (direct economic benefit) to the sponsor  
• Serves the primary business or mission interest of the sponsor, whose basic activities are integrally related to the research plan-benefit received  
• Studies on substances, products, or processes owned by the sponsor  
• Investigator is obligated to convey rights to tangible or intangible properties resulting from the project. Tangible properties include equipment, records, technical reports, theses, or dissertations. Intangible properties include rights in data, copyrights or inventions.  
• Expense is perceived by the organization as a “cost of doing business” rather than a charitable gift | • Economic or tangible benefit equivalent to the value of the resources provided  
• Agreement cannot involve intellectual property, human research participants, laboratory animals, radioactive or hazardous materials, or biohazards, including recombinant DNA  
• Expense is perceived by the organization as a “cost of doing business” |
<table>
<thead>
<tr>
<th>Characteristics of:</th>
<th>Gift/Contribution</th>
<th>Sponsored Contract/Grant</th>
<th>Educational Activity/Other</th>
</tr>
</thead>
</table>
| Involvement of Resource Provider | • Enter into the transaction voluntarily and does not retain any implicit or explicit control over the funds after transfer  
• May place restriction on use of the gift (e.g. specific purpose, program, department, etc.), but cannot require to be asked to approve programs or activities  
• Irrevocable; resource provider relinquishes the right to reclaim the gift or any unused remains (on rare occasions, if the University cannot meet the donor restrictions, unexpended funds are returned to the donor)  
• May ask to be acknowledged in resulting publications  
• May identify an individual, generally in a University relations or philanthropic function of an organization, as a point of contact for communications only | • Sponsor maintains “lingering control” over fund use  
• Sponsor must give approval for programs/activities sponsored by the funds  
• Can disallow and demand repayment of any funds they deem to have been expended for purposes other than direct support of defined activities, and retain the right to revoke the award in part or in total  
• Have discretion to examine the expenditures of the grant/contact funds  
• Have rights and access to the results of the performance  
• Corporate sponsors may identify a technical monitor who is responsible for monitoring performance, arranging research visits and providing liaison between the University and corporate research teams | • Involvement of customer dependent on the nature of the transaction and contract terms |
| University Commitment | • University has fiduciary responsibility to carry out the wishes of the donor | • Binding agreement in which the University agrees to specific set of terms and conditions  
• May includes indemnification or other legal accountability terms | • Binding agreement in which the University agrees to provide goods or services in exchange for monetary compensation  
• May includes indemnification or other legal accountability terms |
| Specificity of Terms and Conditions | • Resource provider seeks advances in research, education or outreach, but specific ways funds are used and methods of implementing the intent of the donor are left to the discretion of the University. | • Well-defined objectives, strategies, work plans and/or deliverables  
• Specific statement of work/objectives  
• Obligated to a specific line of scholarly or scientific inquiry | • Generally, specific statement of work or deliverables is defined |
<table>
<thead>
<tr>
<th>CHARACTERISTICS OF:</th>
<th>GIFT/CONTRIBUTION</th>
<th>SPONSORED CONTRACT/GRANT</th>
<th>EDUCATIONAL ACTIVITY/OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• May outline a specific project or research plan and budget</td>
<td>• Specific project or research plan and budget</td>
<td></td>
</tr>
</tbody>
</table>
| Period of Performance| • Funds may be intended for use in specific timeframe, but not held a specific period of performance | • Defined with “start” and “stop” dates; must reach objectives in specified time frame  
|                     |                                    | • Period of performance may be used for defining allowability of expenditures or other purposes | • Agreement may indicate expected date of delivery |
| Persons Performing Activities | • Can be directed by the donor to support the work of a specific department or faculty member, but in these cases, the department or faculty member has broad discretion as to the specific utilization of the funds  
|                     | • May identify key personnel or project leader | • Sponsor identifies a technical monitor  
|                     |                                    | • Key personnel named in the proposal  
|                     |                                    | • Involves an identified University faculty as academic project leader | • University has full discretion over who performs the work |
| Accounting and Reporting | • Generally none, though donor may request annual progress reports or use of funds (types of activities supported, types of expenses, etc.)  
|                     | • Only in unusual circumstances are unexpended funds are returned to the donor  
|                     | • Special accounting required if donor receives goods or services that are more than a token value; the gift valuation must be decreased by the value of the goods and services given back to the donor | • Fiscal accountability is required, including a line item budget that identifies expenses by activity, function, or project period  
|                     |                                    | • Award includes budgetary constraints such as limits on budget categories, or the sponsor requires prior approval or other controls over expenditures.  
|                     |                                    | • Requires return of any unused funds at the end of designated performance period.  
<p>|                     |                                    | • Required progress, technical or detailed financial reports during or at completion of the activity (to show actual use of money and property provided) | • Generally none |</p>
<table>
<thead>
<tr>
<th>CHARACTERISTICS OF:</th>
<th>GIFT/CONTRIBUTION</th>
<th>SPONSORED CONTRACT/GANT</th>
<th>EDUCATIONAL ACTIVITY/OTHER</th>
</tr>
</thead>
</table>
| Other               | • Generally formalized with gift agreement signed by donor  
                      • Additional funding may be provided at the discretion of the donor.  
                      • Generally not from a competitive proposal or application process | • Agreement requires endorsement by a University official  
                      • May be renewed contingent on such things as technical review or satisfactory progress  
                      • Stipulates that expenditures must qualify for the basic research tax credit | • Agreement requires endorsement by a University official |

The classification of the revenue does not determine the central office (i.e. OSP or AA&D in Ithaca, OSRA or OEA at WCMC) with prime proposal and stewardship oversight. This is determined by the policies promulgated by those offices.