Revenue Recognition - Academic Year (Tuition & Fee Revenue, Housing Revenue & Credits, Financial Aid, and Stipend Expense) Policy

POLICY STATEMENT/REASON FOR POLICY

All academic year tuition and fee revenue, housing revenue and credits, financial aid, and stipend expense are deferred at the time of billing. The goal of this document is to define how to recognize tuition and fee revenue, housing revenue and credits, financial aid, and stipend expense in accordance with general accepted accounting principles (GAAP) on a quarterly basis.

THIS POLICY APPLIES TO

This policy applies to all Vanderbilt financial units receiving tuition and fees revenue, housing revenue and credits, financial aid, and stipend expense for the academic year. This policy does not apply to the summer term; see separate Revenue Recognition Summer Term policy.

POLICY

A. Entries are recorded quarterly to recognize tuition and fee revenue, housing revenue and credits, financial aid, and stipend expense to ensure revenues and related expenses are properly matched when earned.

B. Entries must be posted by the fourth day of close.

C. Recognition Methodology

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Fall Semester</th>
<th>Spring Semester</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Months earned in semester</td>
<td>Total months in semester</td>
</tr>
<tr>
<td>Q1</td>
<td>1.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Q2</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Q3</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Q4</td>
<td>4.5</td>
<td>4.5</td>
</tr>
</tbody>
</table>
DEFINITIONS

General Ledger - The general ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is Oracle. Information from the general ledger is used by Vanderbilt to analyze, report, and monitor the results of the business.

Tuition and fees - Tuition is money received in exchange for instruction for which the student receives course credit. Fees are charges assessed by the university to students such as the student activity fee.

Housing revenues - Housing revenue is money received for the rental of residence hall rooms which are owned and operated by the university for use by students.

Financial aid – Financial aid is money offered to students in the form of a grant, scholarship or loan to help with university-related expenses.

Stipend expense – Stipends are money offered to students to cover expenses over the course of the academic term. Stipends have no service requirement. Payments to students for services provided to the university are student salary expense.

Revenue recognition principle – The accounting principle, under the accrual basis of accounting, whereby revenues are recognized when they are realized or realizable, and are earned (services provided) no matter when cash is received.

Matching principle – This accounting principle directs expenses be recorded on the income statement in the same period as the related revenues.

CONSEQUENCES OF NON-COMPLIANCE

Failure to follow policy could result in inaccurate or incomplete Entity financial statements.

PROCEDURES

See documented example/procedures for completing a journal entry here: https://www.vanderbilt.edu/skyvu/business-unit-approvers.php

FREQUENTLY ASKED QUESTIONS

N/A

ADDITIONAL CONTACTS

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Office</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Recognition – Academic Year</td>
<td>Finance</td>
<td>Accounting</td>
<td>(615) 343-6601</td>
</tr>
</tbody>
</table>
RELATED POLICIES/DOCUMENTS

Revenue Recognition – Summer Term

https://finance.vanderbilt.edu/policies/Revenue_Recognition_Summer_Term_Policy.pdf

HISTORY

Issued: May 2018
Reviewed: November 2019
Amended: November 2019

Procedures Website
N/A

FAQ Website
N/A