

Revenue Recognition for Tuition & Fee Revenue, Housing Revenue & Credits, Financial Aid – Policy

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Responsible Administrator: Vice Chancellor for Finance and Chief Financial Officer
 Responsible Office: Controller’s Office
 Policy Contact: Assistant Controller

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1. Policy Statement

All tuition and fee revenues, housing revenues, and financial aid are deferred at the time of billing. The goal of this document is to define how to recognize tuition revenue when earned in accordance with general accepted accounting principles (GAAP).

2. Scope

This policy applies to all Vanderbilt financial units receiving tuition and fee revenues, housing revenues and financial aid, primarily schools and athletics.

3. Definitions

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

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.

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.

Journal Entry – A journal entry records financial transactions in the general ledger. Vanderbilt utilizes the double entry accounting system, thus there are always both debit and credit journal entry lines and the total debits must equal the total credits.

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

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.

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.

4. Policy

- a) Journal entries should be recorded quarterly to recognize tuition and fee revenue, housing revenue and financial aid to ensure revenues and related expenses are properly matched when earned.
- b) Journal entries must be posted by the fourth day of close.
- c) Tuition and Fees Revenue Recognition Methodology
 - 1st Quarter: Recognize 33.33% for the fall semester
 - (3 months of a 4.5 month fall semester left to be earned)
 - 2nd Quarter: Recognize 66.67% for the fall semester; 0% for the spring semester
 - (4.5 months of a 4.5 month spring semester left to be earned)
 - 3rd Quarter: Recognize 66.67% for the spring semester
 - (1.5 months of a 4.5 month spring semester left to be earned)
 - 4th Quarter: Recognize 33.33% for spring semester; See separate policy and procedure specific to summer deferrals
- d) Housing Revenue Recognition Methodology
 - 1st Quarter: Recognize 33.33% for the fall semester
 - (3 months of a 4.5 month fall semester left to be earned)
 - 2nd Quarter: Recognize 66.67% for the fall semester; 0% for the spring semester
 - (4.5 months of a 4.5 month spring semester left to be earned)
 - 3rd Quarter: Recognize 66.67% for the spring semester
 - (1.5 months of a 4.5 month spring semester left to be earned)
 - 4th Quarter: Recognize 33.33% for spring semester; See separate policy and procedure specific to summer deferrals
- e) Financial Aid Recognition Methodology
 - 1st Quarter: Recognize 33.33% for the fall semester
 - (3 months of a 4.5 month fall semester left to be earned)
 - 2nd Quarter: Recognize 66.67% for the fall semester; 0% for the spring semester
 - (4.5 months of a 4.5 month spring semester left to be earned)

- 3rd Quarter: Recognize 66.67% for the spring semester
 - (1.5 months of a 4.5 month spring semester left to be earned)
- 4th Quarter: Recognize 33.33% for spring semester; See separate policy and procedure specific to summer deferrals