

## Revenue Recognition

**Authority** This Guide Memo was approved by the Vice President for Business Affairs and Chief Financial Officer.

**Applicability** This policy applies to auxiliaries, service centers and sponsored research.

**Summary** This Guide Memo describes revenue recognition policy. Section headings are:

1. REVENUE RECOGNITION
2. SOURCES OF MORE INFORMATION

### 1. REVENUE RECOGNITION

Revenue recognition should be based on accrual accounting in accordance with generally accepted accounting principles (GAAP). Revenues should be recognized when earned, and expenses should be recognized when incurred. Revenue is considered earned when the University has substantially met its obligation to be entitled to the benefits represented by the revenue. Revenue should be recorded when earned, regardless of the timing of cash receipts. In the event a project stipulates performance measures, revenue is considered earned when the performance measures have been completed. Deposits (whether refundable or non-refundable), early payments and progress payments should not be recognized as revenue until the revenue producing event has occurred

### 2. SOURCES OF MORE INFORMATION

For more information about revenue recognition for auxiliaries, service centers and sponsored research, see [http://co.stanford.edu/pp/acctg/index\\_gar.html](http://co.stanford.edu/pp/acctg/index_gar.html).