[Your Organization's Name]

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Revenue Recognition Policy

**Purpose**

The purpose of this policy is to establish clear and consistent guidelines for the recognition of revenue by [Nonprofit Organization Name]. This policy is in accordance with Generally Accepted Accounting Principles (GAAP) and is designed to ensure that revenue is recognized in the period in which it is earned.

**Scope**

This policy applies to all forms of revenue recognized by [Nonprofit Organization Name], including:

* Contributions
* Grants
* Contracts
* Fees for services
* Sales of goods
* Investment Income
* Other forms of revenue

**Revenue Recognition Methods**

The following methods are used to recognize revenue:

* Point-in-time method: Revenue is recognized at a single point in time, such as when a good or service is delivered or when a customer pays for a good or service.
* Over-time method: Revenue is recognized over time as the performance obligation is satisfied.

**Exchange Transactions**

Revenue from exchange transactions is recognized when the organization has satisfied a performance obligation and has a right to consideration.

* For goods and services delivered to customers, revenue is recognized when the goods or services are delivered.
* For memberships, revenue is recognized over the membership period.
* For event fees, revenue is recognized when the event occurs.
* For sales of goods, revenue is recognized when the goods are delivered.

**Revenue Recognition Principles**

Revenue is recognized when the following criteria are met:

* The organization has persuasive evidence of an arrangement with a customer.
* The organization has delivered or performed the promised goods or services.
* The price is fixed or determinable.
* The collectability of the receivable is reasonably assured.

**Specific Revenue Recognition Criteria**

* **Contributions**
	+ Contributions are recognized as revenue when they are received or receivable and there are no restrictions on the use of the contributions.
	+ Contributions that are subject to donor restrictions are recognized as revenue when the restrictions are met.
	+ Conditional contributions are recognized as revenue when the conditions are met.
* **Grants**
	+ Grants are recognized as revenue when they are received or receivable and there are no material restrictions on the use of the grants.
	+ Grants that are subject to grantor restrictions are recognized as revenue when the restrictions are met.
	+ Conditional grants are recognized as revenue when the conditions are met.
* **Contracts**
	+ Revenue from contracts is recognized as the goods or services are delivered or performed.
	+ If the contract includes multiple performance obligations, revenue is recognized as each performance obligation is met.
	+ If the contract includes a significant financing component, the time value of money is considered in recognizing revenue.
* **Fees for services**
	+ Fees for services are recognized as revenue as the services are performed.
	+ If the services are performed over a period of time, revenue is recognized on a pro rata basis as the services are performed.
* **Sales of goods**
	+ Revenue from sales of goods is recognized when the goods are delivered to the customer.
* **Investment Income**
	+ Investment income is recognized as revenue when it is earned.
* **In-Kind Contributions**
	+ In-kind contributions are recognized at their fair market value when the organization has unconditional control over the goods or services received.
* **Other forms of revenue**
	+ Other forms of revenue are recognized as revenue when the criteria for revenue recognition are met.

**Modification of Revenue Recognition**

If the amount of revenue recognized in a prior period is no longer probable of being realized, the amount of revenue recognized must be reduced.

**Review and Approval**

This policy will be reviewed and approved by the [Nonprofit Organization Name] Board of Directors on an annual basis.

**Effective Date**

This policy is effective as of [Date].