

Revenue Classification Guidelines

All revenues of the University of Nebraska should be classified accurately and consistently within SAP.

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 is 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 normally are NOT considered to be sponsored activity and are 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, and 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, professional judgment is necessary.

Recording Revenue in SAP

Cost objects are used to segregate financial activity based on type of operation. A cost object number is a unique identifier that describes a source of funds, similar to a bank account number. When funding is distributed to departments for use, each portion of funding is identified with a cost object number. As a

whole, the University has thousands of cost objects, but each cost object is assigned to a department that is responsible for properly managing those funds.

The phrase “cost object” refers to two types of numbers:

- Cost centers are 10-digit numbers used to track income and expenses for state aided, revolving and auxiliary funds.
- WBS numbers are 13-digit numbers used to track income and expenses for grants and contracts, and funds from the University Foundation.

The following is a guideline for different types of revenue generated at the University and the appropriate cost object that should be used:

- Cost Center:
 - State appropriations
 - Tuition
 - Student fees
 - Sales & services of academic units
 - Auxiliary sales & services
- WBS:
 - Federal grants & contracts
 - State & local grants & contracts
 - Private grants & contracts
 - Fee for service contracts
 - Foundation funds
 - Direct gifts & bequests, whether restricted or unrestricted, due to reporting requirements

This list is not exhaustive. Any questions regarding the classification of revenue should be directed as follows:

UNL Accounting Office	accounting@unl.edu
UNMC General Accounting Office	402-559-5823
UNO Controller’s Office	402-554-2611
UNK Finance Office	308-865-8524
UNOP Accounting & Finance Office	402-472-3767