

# Processing Revenue

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## Introduction

Information in this section of the Handbook provides guidance on how to properly record operating revenue generated by our School. At SPH, the most common forms of revenue include tuition, gifts and contributions, contracts and grants, and auxiliary operations.

In this section of the Handbook, we will cover the following topics

1. Gifts and endowments
2. Program income
3. Other income generating activities
4. Creating revenue accounts
5. Collecting revenue procedures
6. Income reconciliation



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## 1. Gifts and endowments

Boston University's [Gift Policy Manual](#) provides detailed information on Gifts and Endowments and has been summarized in this section of the Handbook. All SPH departments looking to record gifts and/or endowments to their accounts should reference this manual and work closely with the SPH Development and Alumni Relations department to ensure proper accounting of this type of revenue.

Gifts are irrevocable transfers of assets, i.e. contributions from private sources, for which no goods or services are expected, implied, or forthcoming in return to the donor, and in which no proprietary interests are to be retained by the donor.

Grants or Sponsored Activities are different from gifts, as they are undertaken by the University with the support of an external entity, which expects in return specific outcomes that either directly benefits the provider or a public purpose. At a minimum, the provider requires the University to report on how the funds were spent and/or what progress has been made in accomplishing the goals of the activity.

How do you know if you have a gift or a grant? Please review the checklist below for additional guidance. However, make sure to contact the SPH Development and Alumni Relations' office to ensure proper recording of this type of revenue.



The graphic is a checklist titled "Gift vs. Grant Checklist" from Boston University. It features a red header with the university's name and a list of six questions to determine if funding is a gift or a grant. The questions focus on the presence of a Statement of Work, a detailed budget, return of unexpended funds, detailed financial reporting, and terms for the disposition of tangible and intangible property. A concluding note states that if most answers are "YES", the funding is most likely a grant.

**BOSTON UNIVERSITY**

**Gift vs. Grant**

**Checklist**

1. Is this funding to accomplish a specific **Statement of Work**?
2. Is there a detailed **line item budget** for salary?
3. Does the **funding agreement** require **return of any unexpended funds at the end of a designated period**?
4. Does the **funding agreement** require **detailed financial reporting beyond a summary report of expenditures**?
5. Does the **funding agreement** include **terms and conditions for the disposition of tangible property**?
6. Does the **funding agreement** include **terms and conditions for the disposition of intangible property**?

➤ If answer to most questions are **YES**, you most likely have a **GRANT**.

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Endowment funds are resources received by the University that help to provide a sustainable level of support for the University's operating budget. The donor gift or principal amount is invested in the University pooled endowment to provide both income and long-term growth. Individual endowment funds are comprised of a specific number of "units" or shares within the University endowment that generate annual income either for distribution use or to be returned to principal.



Restrictions for gifts and endowments

Boston University classifies gifts and endowments based on the existence or absence of donor restrictions.

Current Use (or Expendable) Funds are resources received by the University that are available for immediate expenditure to carry out the University mission – educational instruction, research, and public service.

- Current restricted funds have externally imposed (donor) limitations or stipulations placed on their use, but are intended for current purposes, such as scholarships, program support, research or renovations.
- Current unrestricted funds have no limitations or stipulations placed on them by external agencies or donors, nor have been set aside for endowment, annuity, or life income purposes.

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Endowment restrictions are classified as follows

- Restricted endowments are amounts that have been contributed with donor-specified restrictions that the gift be invested in perpetuity; income from those investments may also be restricted for specific purpose(s) by the donor. Only donors can permanently endow a fund.
- Unrestricted endowments are amounts that have been contributed for general purpose to be used at the University’s discretion. In some cases, at a future time or upon the occurrence of a specified future event, these resources originally contributed may become available for purpose – restricted use as directed by the donor or the University.

Procedures for gifts and endowments

Gifts and endowments accounts (also known as internal orders) follow a specific structure as described below and in the [Funds Management](#) section of this Handbook.

SPH Departments are required to reconcile Gift and Endowment accounts on a monthly basis to ensure that spending is appropriate and meets donor requirement and restrictions.

Examples of Gift Types and the corresponding Internal Order prefix are shown below.

Revenue Type	Internal Order
Gifts	930 XXXXXXXX
Endowment - Spendable	925 XXXXXXXX
Endowment - Principal	928 XXXXXXXX

SPH Development and Alumni Relations manages all gifts and endowment activity. Physical checks, cash, or credit card information should be brought to SPH DAR. The funds are then processed by Boston University’s Gifts and Records to ensure all vital information regarding the gift is collected and recorded. Departments should never deposit restricted funds into unrestricted accounts with the intention to transfer the funds.

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The following steps should be followed for incoming gifts and endowments.

- Gifts must be processed by SPH Development and Alumni Relations and the University's Gifts and Records Department.
- Mail or hand deliver physical checks, cash, and credit information directly to Gifts and Records within 24 hours of receipt
- Include a cover sheet listing out a summary of gifts and staff contacts for questions. Include all supporting documentation for each transaction (i.e. donor correspondence, envelope and/or email exchanges).
- Adhere to the University's PCI Data Security Standards if receiving gift payments by credit card. Copies retained by your office should be stored in a locked and secure location. All banking information (credit card number, check routing number and account number, etc.) must be blacked out.
- Documentation for gifts and endowments must be kept for a minimum of seven years.
- Funds should never be deposited directly into an unrestricted or restricted account.



**TIP** - Please make sure to involve our SPH Development and Alumni Relations department in all matters pertaining to gifts and endowments.

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## 2. Program income

Program Income is gross income directly generated by a supported activity or earned by the institution as a result of an award during the period of the award. The treatment of program income on federal grants is stipulated by the administrative requirements of the awarding agency and depends, in part, on whether the funded project is for research or another approved activity. Similarly, non-federal sponsors may have terms and conditions that govern the treatment of program income.

There are three methods for treating program income

1. Additive - Program income funds are added to the project's committed funds by the awarding agency and recipient, thus increasing the amount available to accomplish program objectives (increase in available budget).
2. Matching - Program income is used to finance the non-federal share of the project (offset to cost sharing or matching). Program income is used for costs during the project period unless the sponsor authorizes deferral to a later period.
3. Deductive - Total funds available to the project remain the same and the funds generated through program income are deducted from the financial commitment of the sponsor (offset to sponsor's funding).

Example of program income - Revenue from dues and registration fees for grant supported conferences.

Examples of the Sponsored Program prefix and General Ledger code.

Revenue Type	Sponsored Program
Program Income – Federal Sponsored Program	950 XXXXXXXX
Program Income – Non-Federal Sponsored Program	955 XXXXXXXX

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## 3. Other income generating activities

Income generating revenue refers to fee based services provided to external parties by departments or programs exclusive of grant-supported activities. The income generated by these activities may be coded to a Fund Center or Internal Order account. Please contact SPH Finance and Administration to ensure revenue is recorded in the appropriate account.

Examples

- Lifelong Learning Population Health Exchange Summer and Winter Institutes
- BEDAC Service Center

Examples of the Fund Center or Internal Order prefix and General Ledger code.

Revenue Type	Fund Center or Internal Order
Income Generating	244 XXXXXXXX 909 XXXXXXXX

## Helpful Links

- [Boston University's Gift Policy and Crediting Manual](#)
- [Post Award Financial Operations – Manage an Award](#)

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## 4. Creating revenue accounts

The procedure for creating a new account for revenue depends on the revenue source.

### Gifts and Endowments

All gifts and endowments must be processed through SPH’s Development and Alumni Relations (DAR) department. SPH DAR will work with SPH Finance and Administration and the University’s Office of Development and Alumni Relations to establish these types of accounts.

- The minimum donation to create a new gift accounts is \$10,000
- The minimum donation to create a new endowment account is \$100,000

Revenue Type	Department	Contact Person
Gifts and Endowments	SPH Development and Alumni Relations	Jacoba van Heugten <a href="mailto:jjvh@bu.edu">jjvh@bu.edu</a>

### Program Income

A Sponsored Program account is created when a grant is awarded. In most cases, a separate account within the Sponsored Program should be established to house program income. This allows accountants to submit reports on program income easily, auditors to review program income for compliance with regulations, and allows PI/PDs to utilize their program income funds (where allowable) to maximum advantage. Based on PAFO rules, income cannot be deposited directly to a grant.

Revenue Type	Department	Contact Person
Program Income	SPH Department Research Administrator	Department Research Administrator



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Conference / Activity / Income Generating

In most cases, revenue not related to gifts, endowments, or sponsored programs, will need to be deposited in newly created Unrestricted or Discretionary accounts. Please contact SPH Finance and Administration to ensure any revenue received within your department is properly allocated.

Revenue Type	Department	Contact Person
Revenue for Discretionary Accounts	SPH Finance and Administration	Veronica Byam <a href="mailto:vbyam@bu.edu">vbyam@bu.edu</a>



## Helpful Links

[Boston University's Gift Policy and Crediting Manual](#)  
[Post Award Financial Operations – Program Income](#)

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## 5. Collecting revenue procedures

### Invoicing and Collecting Revenue

The University allows schools, departments, and programs two methods of collecting non-tuition based revenue.

SPH Departments and programs can collect revenue from income generating activities exclusive of gifts, endowments, grants, and tuition. Departments can invoice customers and process checks or credit card payments following University policies. The University Cashier's Office provides resources regarding the handling of cash, checks, and credit card transactions that are outlined below.

Boston University's Cash Management, part of Post Award Financial Operations (PAFO), is responsible for all non-student University billing, for both Sponsored and Non-Sponsored activities. This includes Miscellaneous Receivables and Sponsored Research. The Miscellaneous Receivables office can assist in processing invoices and receivables for sales and services rendered by University departments. The advantages of using Boston University's Miscellaneous Receivables include

- Revenue is credited to the Boston University Departmental account upon invoicing (departments not using Miscellaneous Receivables receive revenue when the invoice is paid).
- Payments are processed and deposited by Miscellaneous Receivables.
- Boston University departments can run Accounts Receivable reports to check the status of whether an invoice is paid or outstanding.

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## Cashier's Office

Checks and cash - Departments that decide to collect receivables must follow procedures defined by the University Cashier. The Cashier's office is responsible for accepting and depositing all non-student checks, cash, and credit card payments payable to the University. All cash and check deposits should be brought to Metro Credit Union at 710 Albany Street during regular business hours and made daily.

Credit cards - The University Cashier maintains a system for processing credit card payments for retail, mail/phone orders, and e-commerce. Departments must complete a form requesting approval from the University Cashier to accept credit card payments. Departments should never contact a credit card servicer directly or begin accepting credit cards without prior approval from the University Cashier. Individuals approved to accept credit card payments must follow Payment Card Industry (PCI) Data Security Standards (DSS). Credit card data may not be transmitted or stored in any other system, server, personal computer, or email account.

Departments must follow these steps to begin accepting credit card payments

- Complete the [Boston University Merchant Application](#) for review by the University Cashier.
- Submit the application for review and approval to the University Cashier at cashier@bu.edu. Allow 1-2 weeks for processing of the application.
- A new merchant account number will be requested and assigned to the department if the application is approved. University policy and credit card processing procedures will be provided and staff members will be required to read, agree, and comply with Boston University Policy/Payment Card Industry (PCI) Data Security Standards.
- The University Cashier will provide the necessary equipment and training. The University Cashier reserves the right to charge departments for the cost of any equipment.
- Implementation of this process may take up to 60 days.

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## Cash Management / Miscellaneous Receivables

The screenshot shows a web application interface. On the left is a dark sidebar menu with the text 'OPEN MENU' and several menu items: Project Lifecycle, Compliance, Forms & Policies, Training & How To, Safety, Tools & Services, News & Calendar, Contact, Administration, and Calendar. The main content area on the right has a white background. At the top, there are two expandable items: 'Manual PAR' and 'Min / Max Effort', each with a green plus icon. Below these is a section titled 'Cash Management' with a blue 'Expand all' link. Under 'Cash Management' are three expandable items: 'Billing', 'Collections', and 'Payments', each with a green plus icon. Below that is a section titled 'Common Elements' with a blue 'Expand all' link. Under 'Common Elements' are three expandable items: 'Commitment Closeout', 'Cost Overruns', and 'Equipment Disposal', each with a green plus icon.

Cash Management/Miscellaneous Receivables is part of the Post Award Financial Office (PAFO). Miscellaneous Receivables can invoice and collect revenue for sponsored and non-sponsored activities. Two steps must occur to invoice external parties through Miscellaneous Receivables.

1. Complete the Customer Master Data Form in BUworks. (Note - This only needs to occur if the customer has not already been created in the Cashier system.)
2. Create an invoice in SAP.

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## Customer Master Data Form

To begin the process you must have a customer number. If this is the first time the customer is being invoiced, you must create the customer within Boston University's system by following the below steps.

1. Log onto BUworks and click on the "Finance" tab.
2. Select the "Customer Master Data" button.

The screenshot displays the Boston University Finance system interface. At the top, the Boston University logo is visible. Below it, a navigation bar includes tabs for Home, Employee Self-Service, Finance (highlighted with a red box), ACCT XWalk, Reporting, Procurement, Worklist, and WebGUI. Under the Finance tab, a "Distributed Forms" section contains a list of options: Asset Relocation and Customer Master Data (highlighted with a red box). The main content area shows a "Customer Data Request" form for customer number 03052018111139628. The form is divided into several sections: "Requester's Information" (Name, Email, Phone), "Contact's Information" (Name, Email, Phone), and "Request" (Is this a change to existing Customer Data?). The "Create Customer" section is active, showing a "NOTE: Enter the data in all CAPS" and "Num of Attachments:00". This section includes fields for Title, Customer Name, Search Term, c/o, Customer Address, City, State, Country (US - USA), and Zip Code. It also has fields for Telephone, Mobile Phone, Fax, and Email, along with a "WBUR Salesperson" dropdown and a "Comments" text area. At the bottom, there are "Attachments" and "Attach File" buttons, and "Validate Request" and "Exit" buttons.

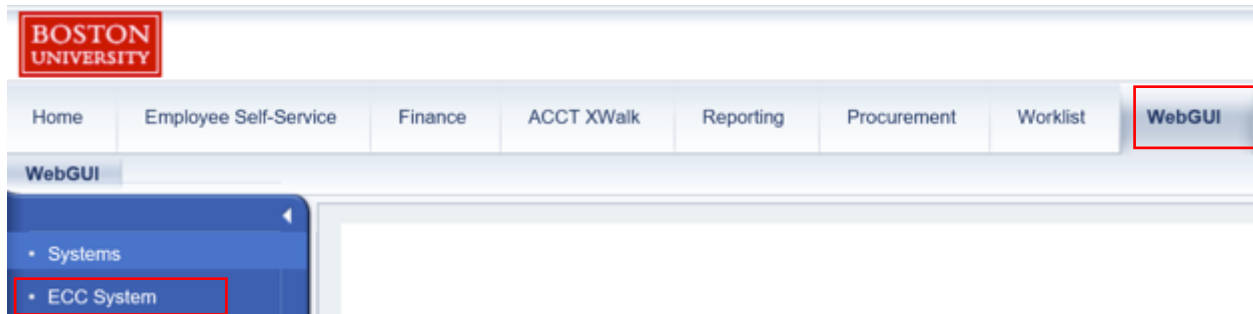
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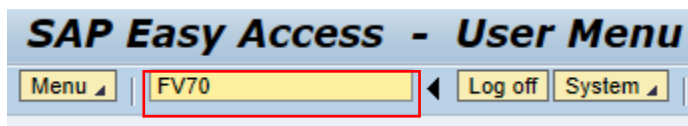
Complete all the required fields (noted with a red \*) and attach supporting documentation. Miscellaneous Receivables will process the request in 1 to 2 business days and provide a 6 digit customer number

Create an invoice in SAP

An invoice can be created in SAP using the BUworks WebGUI once the customer number is received or known.



Choose the "WebGUI" tab in BUworks. Then choose "ECC System."

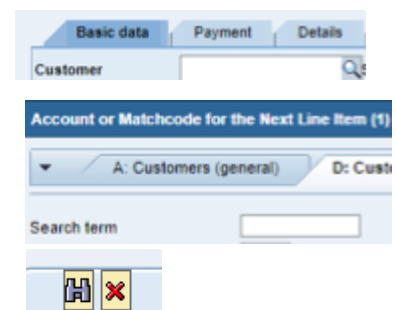


- Type the T-code FV70 in the selection box and hit enter.
- A screen will appear displaying fields to complete for the invoice.
- Below is a screenshot with directions for completing the required fields for an invoice.

Note - If the customer has already been invoiced before by Boston University, you can search for them within FV70.

Click on the magnifying glass next to Customer

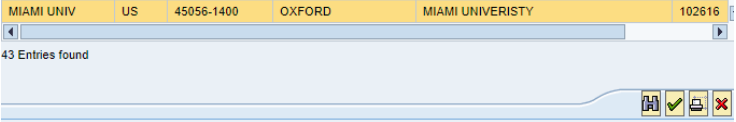
A window will pop up allowing you to search a term. In this box use the wild card (\*) at the beginning and end of the term and then type the rest of the term. For example, I need to invoice Miami University in Oxford so I will look up the term using \*univer\*



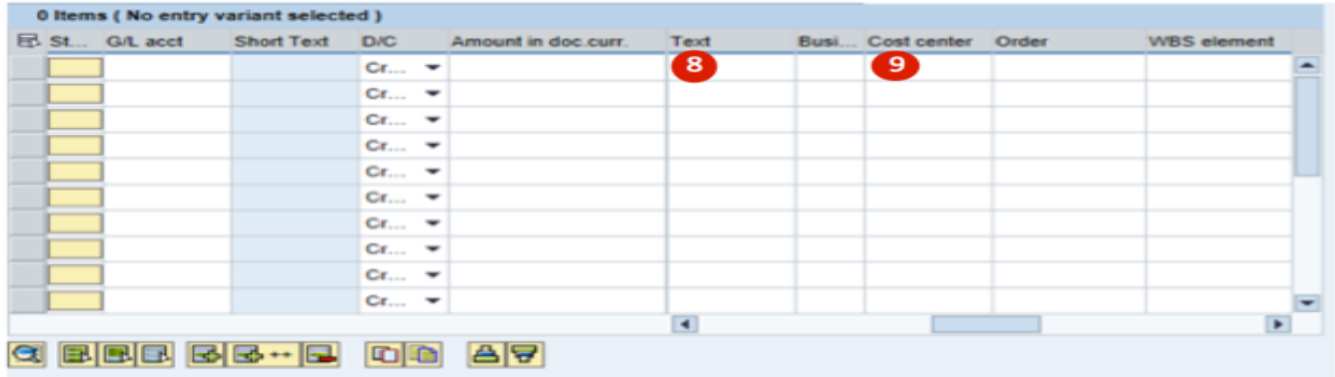
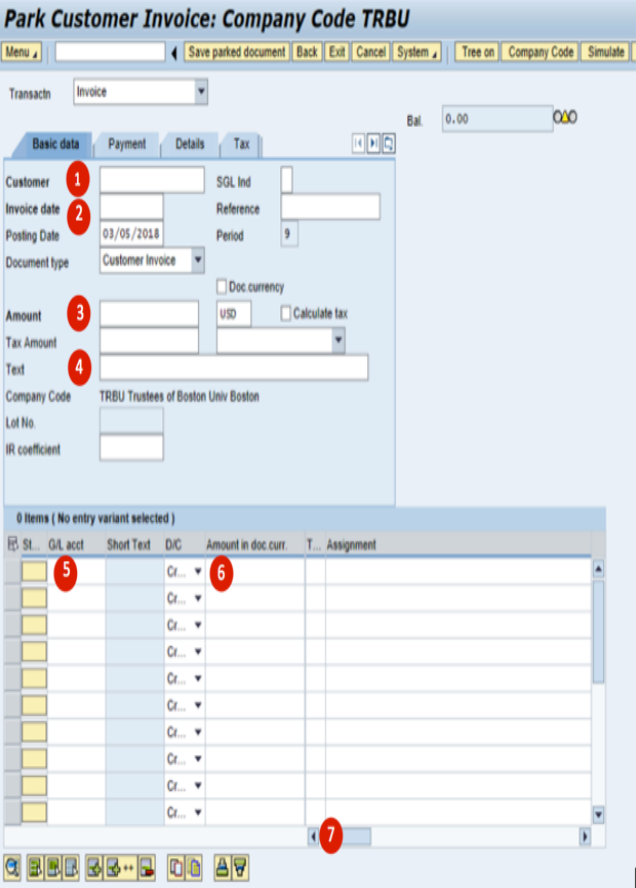
Click the binoculars. This will allow you to see all customers that have univer listed within their name.

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You can select the customer and click the check. This will enter the customer's number.

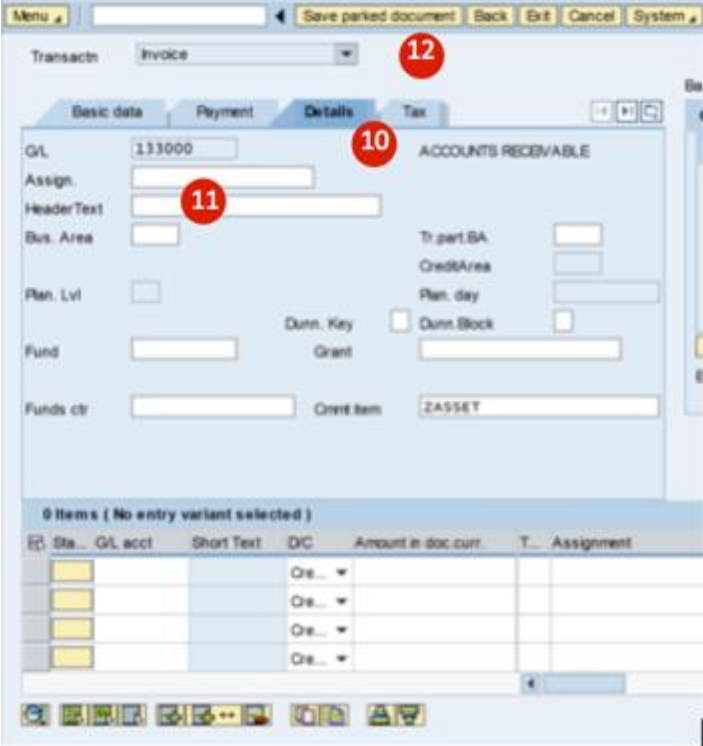


1. Customer number
2. Invoice Date
3. Amount
4. Text in the Basic Data area
5. G/L account
6. Amount in doc. curr.
7. Scroll to the right
8. Text in the Line Items
9. Cost Center
10. Choose the "Details" tab
11. Complete "Header Text"
12. Click "Saved Parked Document"



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The invoice will be sent to Miscellaneous Receivables and your department will receive a credit for the amount invoiced. Miscellaneous Receivables will follow up with the customer if payment has not been received within 2 months and the customer will be assigned to collections if payment is not received within 4 months. If the payment is not received after all attempts, the credit to the department will be reversed. Miscellaneous Receivables offers tutorials for creating customer data and outgoing invoices and can be reached at [miscrec@bu.edu](mailto:miscrec@bu.edu) or 617-353-2342.



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## Helpful Links

[Depositing Checks and Cash for Medical Campus](#)

[Credit Card Processing](#)

[PCI Data Security Standards](#)

[Research Support – Manage An Award: Cash Management](#)

[Research Support – Miscellaneous Receivables](#)

[Create a New Customer - BUworks October 2017 Finance Newsletter](#)

[Entering Outgoing Invoices – BUworks Online Help](#)

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## 6. Income reconciliation

Income transactions should be reviewed and reconciled every month to ensure that income is recorded in the proper account, coded to the correct general ledger, and includes documentation for the transaction. The process for reconciling transactions is explained in detail in the [Reporting, Reconciliation, & Corrections](#) section of this Handbook.

### Restricted Gifts and Endowments

Department Administrators are responsible for spending and reconciling all gift and endowment accounts within the department's Fund Center on a monthly basis. Departments should spend the funds in a timely and appropriate manner according to the donor's guidelines. Account administrators should ensure new gifts are properly recorded and ensure posting accuracies and investigate any questions as they arise. The terms of all accepted restricted funds are kept on file in the Office of General Accounting in the Comptroller's Office. If a department is unclear about the restrictions for a gift or endowment account, please contact SPH Development and Alumni Relations.

### Program Income

Post Awards Financial Operations states that the following are minimal expectation of PI/PDs and departmental administrators with respect to program income.

PI/PDs are responsible for the following

- Identifying sources of actual and potential program income at the proposal stage.
- Completing required program income sections in the grant proposal as necessary.
- Developing a plan for using program income.
- Discussing anticipated program income with the departmental administrator.
- Verifying program income on reports.
- Addressing account balance issues at final project termination.

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Departmental administrators are responsible for the following

- Assisting PI/PD in calculating prices.
- Billing for products or services that produce program income.
- Reconciling revenue invoiced or submitted against financial reports.
- Monitoring levels of program income in the account and any limits that are set by the sponsor.
- Properly depositing income received in accordance with the University's revenue policy.
- Monitoring expenditure levels.



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## FINANCIAL RECONCILIATION

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### Helpful Links

[Gift and Endowment Fund Administrator Training  
Program Income - PAFO](#)