

Series: Fiscal Management

COA: FIN 4, FIN
7.01 – 7.03
CFOP:

Procedure Name: Revenue Recognition
Procedure Number: FM-204
Revision #/Date: (1) 2-09-09
Effective Date: 7/01/07
Applicable to: Finance / Accounting Staff

SUBJECT: Revenue Recognition

PURPOSE: To define the types of revenue received by CBCB and outline the recording of these revenue in accordance with Generally Accepted Accounting Principals and other regulatory requirements.

PROCEDURE:

References

CBCB Policies/Procedures: GOV-202, GOV-208
Generally Accepted Accounting Principles (GAAP)
Statement of Financial Accounting Standards (SFAS) No. 116 - Accounting for Contributions Received and Contributions Made
Department of Children & Families (DCF) Contract GJ246

Definitions

Contribution: An unconditional transfer of funds or other assets to CBCB or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Exchange Transaction: Funds earned from providing services or when merchandise is sold.

Funds/Revenue: A supply of money or pecuniary resource.

Scope

It is the practice of CBC Brevard, Inc. to determine whether funding sources should be treated as exchange transactions or contributions. Further, a determination must be made on whether funds are restricted, unrestricted, temporarily restricted, or permanently restricted according to donor imposed restrictions and/or conditions. Upon defining the dominant criteria, CBCB recognizes funds as revenue in accordance with GAAP specific to Not-For-Profit Organizations (NPO), further defined by SFAS No. 116, and/or other authoritative resources. This procedure will be updated

when significant funding sources, defined as \$25,000 or more per funding entity, are added or removed from CBCB.

Exchange Transaction - Revenue

Funds earned in an exchange transaction are recorded as revenues at the time of delivering the service or the merchandise. Funding received in an exchange transaction prior to the delivery of the service or merchandise will be treated as deferred revenue until documentation from financial transactions can be provided to substantiate that the funds have been earned.

Specific Fund Sources:

DCF

It has been determined that the funding provided by DCF contract GJ246 is by nature of the agreement, an exchange transaction and will be treated as earned revenue.

The revenue clearly meets the criteria for an exchange transaction inasmuch as the contract asserts: the resource provider, DCF, is transferring resources in exchange for specified benefits. The method of delivery of the assets to be provided by the recipient NPO (CBCB), to third-party recipients & children & families of Brevard County, is specified by the resource provider. Payments by the resource provider equal the value of the assets to be provided by the recipient NPO as documented by a monthly invoice representative of the actual cost of providing the services. Provisions for economic penalties exist beyond the amount of the payment and assets are to be delivered to the constituents of the resource provider.

Funds from DCF are received monthly in advance of services performed. These revenues will be treated as deferred revenue until documentation from financial transactions can be provided to substantiate that the funds have been earned. This documentation will also provide the source for recognizing revenue and generating an adjusting journal entry allocating deferred revenue to unrestricted earned revenue in the period the service was performed with an offsetting current receivable from DCF. The balance, if any, of unused revenue will remain designated as deferred revenue which is subject to repayment 6 months after the termination of the contract date as stated in contract GJ246.

Child Welfare League of America (CWLA)

CBCB has entered into an agreement with CWLA to provide services to CWLA as outlined in Part 1 of an agreement dated January 28, 2008 and terminating April 30, 2010. It has been determined that the funding provided by the CWLA contract is by nature of the agreement, an exchange transaction and will be treated as earned revenue.

CBCB recognizes service-related revenues under the specific performance method, whereby revenue is recognized only after specific milestones have been approved by the contractor. The target dates for recognition are defined within the contract. On the specific dates, defined amounts are recognized as non-government unrestricted revenue tracked in a program specific general ledger revenue account

with an offsetting current receivable from contractor until paid at the time of invoicing.

Partnership for Strong Families (PFSF)

CBCB has entered into an agreement with PFSF to provide training services as outlined in Attachment I of an agreement dated September 4, 2008 and terminating December 31, 2009.

CBCB is to provide one qualified trainer. This trainer will deliver the FSFN curriculum as instructed by the State of Florida. The trainer will be available for up to 18 months as needed by University of South Florida.

It has been determined that the funding provided by the PFSF contract is by nature of the agreement an exchange transaction and will be treated as earned revenue.

CBC Partnership / Magellan Service Agreement

The Prepaid Mental Health Program is a mechanism whereby the State of Florida provides allowable prepaid mental health services to Medicaid eligible children through outsourced third parties. The CBC Partnership was created in 2007 and is contracted together with Magellan Behavioral Health Florida, Inc. to provide this service.

It has been determined that the funding provided by the CBC Partnership contract is by nature of the agreement an exchange transaction and will be treated as earned revenue.

Contribution - Revenue

CBCB may receive funds that require no reciprocation or delivery of service and/or merchandise. These funds are treated as contribution revenue as defined by SFAS No. 116. Generally, these funds will be identified as non-government, unrestricted revenues and are recognized as contribution revenue upon receipt. These revenues may be classified in program specific general ledger accounts for tracking purposes but are essentially unrestricted non-government contribution revenues unless stipulated by donor-imposed restrictions and/or conditions.

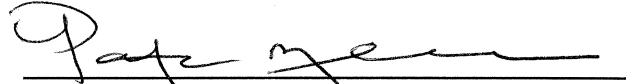
When CBCB receives contribution revenue that is restricted by donor imposed restrictions and/or conditions, the revenue is recorded as deferred revenue with its applicable restriction, i.e. temporary or permanent, upon receipt. These funds are then recognized as revenue when the donor-imposed restrictions have been satisfied.

Specific Fund Sources:

CBCB currently has three sources of contribution revenue that are temporarily restricted by donor imposed restrictions and/or conditions:

- (1) Universal Path
- (2) Eckerd Family Foundation Grant (terminated 11/30/2008)
- (3) Eckerd Family Foundation Scholarship Grant (terminated 11/30/2008)

BY DIRECTION OF THE CHIEF EXECUTIVE
OFFICER:



DR. PATRICIA NELLIUS-GUTHRIE
Chief Executive Officer
CBC of Brevard, Inc.

APPROVAL DATE: 3/7/09