

Section 13 - Accounting: Account for Financial Activity of Revenue-Generating Events

Policy Statement

Universities are frequently involved with revenue-generating events such as conferences, seminars, symposia, workshops, banquets, fundraising events, or student/alumni events. A unit that is involved with a revenue-generating event must account for the related financial activity in a self-supporting, agency, gift, or grant fund depending on the funding sources of the revenue-generating event and whether the University of Illinois System assumes financial risk for the revenue-generating event.

Funding sources for revenue-generating events consist of event-generated revenues and/or donations:

- Event-generated revenues may be derived from various sources, including but not limited to the following: registration fees, sales of advertising space in event literature or on signage, rental of table or display space, and sales of event materials.
- Donations are voluntary contributions for which the payee receives no bargained for benefit, other than the use or acknowledgement of the payee's name or logo at the event or in event materials, such as in a qualified sponsorship.

All anticipated sources of funding for the revenue-generating event must be identified and disclosed when requesting to establish the applicable fund, regardless of where the funds will eventually be recorded.

Procedure

To account for the financial activity of revenue-generating events:

1. Determine whether the gross income earned from the revenue-generating events is directly related to a sponsored project. For example, if the gross income from the revenue-generating event (such as registration fees charged to the participants or any conference sponsorship income) is directly earned as a result of and is related to a sponsored project award, the gross income is considered to be program income which should be deposited into a grant fund. For further details, consult *16 - Sponsored Projects Program Income*.

2. If the revenue-generating event is unrelated to any sponsored project funding, determine whether it is a University of Illinois System revenue-generating event or if it is an external revenue-generating event that your unit is simply hosting/coordinating. See the following information for further guidance on making this determination:

- **University of Illinois System revenue-generating events** have the following characteristics:
 - Owned and operated by the University of Illinois System;
 - Publicized and organized as a University of Illinois System revenue-generating event;
 - All revenues of the revenue-generating event belong to the University of Illinois System;

- All expenses of the revenue-generating event are the responsibility of the University of Illinois System; and
 - The University of Illinois System assumes the risks related to operating the revenue-generating event (including the responsibility for any loss or profit).
- **External revenue-generating events** (in which the university unit is simply hosting/coordinating the event) have the following characteristics:
 - Owned and operated by the external party;
 - Publicized and organized on behalf of the external party;
 - All revenues of the revenue-generating event belongs to the external party;
 - All expenses of the revenue-generating event are the responsibility of the external party; and
 - The external party assumes the risks of sponsoring the revenue-generating event (including responsibility for any loss or profit)

3. To ensure accurate financial reporting, it is required to properly record the revenues and expenses related to the revenue-generating event. See the following information for further guidance on accounting for the event:

If your event is a **University of Illinois System revenue-generating event**, then any event-generated revenue needs to be recorded in either a self-supporting or gift fund. See below for further details:

- Operational revenue generated from a University of Illinois System event (such as conference registration fees or advertising revenue) belongs to the University of Illinois System and must be accounted for in an appropriately coded **self-supporting fund**.
 - Ideally, a unique self-supporting fund would be established for each revenue generating event; however, if several revenue generating events are similar in nature, one self-supporting fund can be used (with unique program codes for each individual event). Any surplus or deficit balance remaining in the self-supporting fund at the conclusion of an event should be factored into the rates charged to attendees of the subsequent event. If you need a self-supporting fund, consult [22 – Self-Supporting/Revenue Generating Activities](#).
 - Note that the sale of any type of advertising (which would include messages containing qualitative or comparative language, price information, endorsements, or inducements to purchase the advertiser’s products or services) may result in unrelated business income tax. For further guidance see [18.13 Unrelated Business Income Tax \(UBIT\)](#).
 - All expenditures on the related self-supporting fund must directly relate to the revenue-generating event and must be factored into the calculation of the rate charged to the customers. For further details, consult [22 – Self-Supporting/Revenue Generating Activities](#).
- Donations received in support of a University of Illinois System revenue-generating event (such as qualified sponsorship gifts where the sponsor receives an

acknowledgement; gifts-in-kind of donated services/tangible items; or the charitable portion of fundraising event registration fees) must be processed as **gifts** through the University of Illinois Foundation.

- Note that unique University of Illinois Foundation and/or Banner gift funds may be required to be established for the event depending on the language in the agreement(s) with the donor(s). For example, if the donor wishes to support a specific event, the donation would need to be deposited into a unique gift fund restricted for that specific event. For further details, consult [11 - Gifts and Endowments](#).
- Any gift revenue received for the revenue-generating event may help subsidize expenses which are not recovered in rates charged to event participants on the self-supporting fund.
- Note that all expenses which post to the applicable gift fund(s) must be in compliance with the donor intent restrictions outlined in the related fund agreement. For further details, consult [11 - Gifts and Endowments](#).
- For fundraising events, the entry fee is typically received in a single payment, which includes both a charitable contribution and payment for any goods or services received at the event. Since these payments include a charitable contribution, they must be deposited through the University of Illinois Foundation. The portion of the monies that represents the fair market value of the goods and/or services the attendee receives at the event (such as the value of a meal) need to be processed as a non-gift, and the charitable portion of the payment will be processed as a gift.
- All expenditures of University of Illinois System revenue-generating events (regardless of whether they post to self-supporting funds, gift funds, or any other fund type) must comply with the state of Illinois Procurement Code. Consult [7.2 Purchase of Goods and Services](#) and [8 - Payments and Reimbursements](#) or contact your applicable university [Purchasing Division](#) for further guidance.

If the event is an **external revenue-generating event**, all revenues and expenses related to the revenue-generating event belong to the external party and must be accounted for in an **agency fund**. For example, any registration fees collected from event attendees or any donations (such as qualified sponsorships to the external party) must be recorded as revenue in the agency fund. Any related expenses incurred (such as printing of brochures) must be posted as an expense to that same agency fund. If you need to establish an agency fund, consult [2 - Agency Funds](#).

- Although any revenue generated by external events does not belong to the University of Illinois System, the University of Illinois System does act as a fiscal agent to hold these funds for the owner. Therefore, any checks received for event-generated revenue must be made payable to the University of Illinois and deposited with University Student Financial Services and Cashier Operations (USFSCO) in compliance with [10.2.1](#). It is also helpful to note in the memo line which external event the payment relates to.

- If the external revenue-generating event intends to collect revenue via credit card or online payments, contact Merchant Card Services to determine feasibility at (217) 244-9384 or merchantcardhelp@uillinois.edu.
- Note that the University of Illinois System's self-insurance liability coverage does not apply to external events. To protect both the University of Illinois System and the owner of the external event, it is important to properly assess the insurance needs for the external event to determine whether any additional insurance coverage needs to be purchased by the owner. Consult [6 – Insurance](#) and/or contact the [Office of Risk Management](#) for further guidance.
- Note that if any university unit would like to provide financial support for an external event, it is required to follow the guidelines outlined in the University of Illinois System's "Financial Assistance and Sponsorship Payments to Outside Organizations" policy. Consult [8 – Payments and Reimbursements](#) for further guidance.

4. To ensure proper accounting and closure of the revenue-generating event, you must close out the event in a timely and accurate manner. See the following information for further guidance on closing the revenue-generating event:

- Ensure all revenues and expense transactions related to the event have posted to the applicable fund(s).
- Once all transactions have posted, analyze the financial activity to determine the net surplus or deficit resulting from the revenue-generating event.
- If the event is a **University of Illinois System revenue-generating event**:
 - If there is a net surplus in the related self-supporting fund, consult [22 – Address a Self-Supporting Fund Surplus](#).
 - If there is a net deficit in the related self-supporting fund, consult [22 – Address a Self-Supporting Fund Deficit](#).
 - Determine whether the related self-supporting and/or gift fund will still be needed after the conclusion of revenue-generating event. If the fund(s) need to be terminated, Consult [13 – Terminate FOAPAL Segments and Index Codes](#).
- If the event is an **external revenue-generating event**:
 - If there is a net surplus **and** if the agency relationship is ending at the conclusion of the revenue-generating event (for example, the external party is moving the event to a different location in the following year), any remaining balance would typically be returned to the applicable external party (i.e., the owner of the event). Consult [2 – Return Agency Funds to the Owner](#). However, the applicable external party may wish to donate the surplus balance to the University of Illinois System, which is also acceptable. Consult [11 – Gifts and Endowments](#). Surplus balances that are neither

returned nor donated to the University of Illinois System will be treated as unclaimed property in compliance with the state of Illinois requirements.

- If there is a net surplus **and** the agency relationship will continue (for example, a similar conference for the same external party will be hosted/coordinated by the University in the following year), any remaining balance could either be returned to the owner or remain in the agency fund for use in the future by the owner.
- If there is net deficit resulting from the revenue-generating event (regardless of whether the agency relationship will continue or not) the applicable university unit would typically invoice the external party (i.e., the owner of the event) for the dollar amount needed to cover the deficit and use the Banner Accounts Receivable module for billing and collection. Consult [2 – Comply with Unit Liaison Responsibilities for an Agency Fund](#) and [5 – Receivables](#).

5. If you have additional questions, contact [OBFS – University Accounting and Financial Reporting](#).

Related Policies and Procedures

[2 - Agency Funds](#)

[6 – Insurance](#)

[7 - Purchasing](#)

[8 – Payments and Reimbursements](#)

[10.2.1 – Accept Checks as Payments](#)

[11 - Gifts and Endowments](#)

[13 - Accounting](#)

[16 – Grants and Research Contracts](#)

[18.13 – Unrelated Business Income Tax \(UBIT\)](#)

[22 – Self-Supporting/Revenue Generating Activities](#)

Additional Resources

[UIC Meetings & Conferences](#)

[UIS Conference Services](#)

[UIUC Center for Innovation in Teaching and Learning \(CITL\)](#)