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[Your Organization's Name]

[Income Recognition Policy]

At [Your Organization's Name], we strive for transparent and accurate recognition of income to ensure proper financial reporting and compliance with accounting standards. This policy outlines the guidelines for recognizing different types of income, such as donations, grants, and sales of goods or services. By adhering to this policy, we ensure consistency in income recognition practices and maintain the integrity of our financial statements.

**General Principles:**

1.1. Income will be recognized in accordance with Generally Accepted Accounting Principles (GAAP) or the applicable financial reporting framework.

1.2. The organization will follow the principles of revenue recognition, matching revenues with the related expenses or obligations incurred to earn the revenue.

**Donations and Contributions:**

2.1. Donations and contributions received by the organization will be recognized as revenue when the following conditions are met:

a. The donation is unconditional, meaning it does not impose any significant future performance obligations on the organization.

b. The organization has control over the donated assets or resources.

c. The amount of the donation can be measured reliably.

2.2. Pledges and multi-year commitments will be recognized as revenue over the period specified, based on the donor's intent and the organization's ability to reasonably estimate the collectability of the pledge.

2.3. Restricted donations will be recognized as revenue when the related restriction is met or released, in accordance with the donor's intentions and any legal or contractual requirements.

**Grants and Contracts:**

3.1. Grants and contracts will be recognized as revenue when the organization has:

a. Substantially fulfilled its obligations under the grant or contract.

b. The right to receive the funding or reimbursement.

c. The amount can be measured reliably.

3.2. Grants and contracts that require the incurrence of specific costs or the achievement of predetermined milestones will be recognized as revenue as the costs are incurred or the milestones are met, in accordance with the terms and conditions of the grant or contract.

**Sales of Goods or Services:**

4.1. Revenue from the sale of goods or services will be recognized when all the following conditions are met:

a. The goods or services have been delivered or rendered to the customer.

b. The organization has the right to receive payment for the goods or services.

c. The amount of revenue can be measured reliably.

4.2. If significant uncertainty exists regarding collectability, revenue recognition may be deferred until collectability becomes reasonably assured.

**In-Kind Contributions:**

5.1. In-kind contributions, including donated goods or services, will be recognized as revenue when the fair value of the contributed item or service can be reliably determined and meets the criteria for recognition outlined in this policy.

**Policy Review and Updates:**

6.1. This Income Recognition Policy will be reviewed periodically to ensure it remains aligned with the organization's financial needs, accounting standards, and best practices.

6.2. Any updates or changes to the policy will be communicated to relevant staff members, the finance department, and the board of directors, and training will be provided as necessary.

By following this Income Recognition Policy, we establish clear guidelines for the proper recognition of different types of income, including donations, grants, and sales of goods or services. Accurate income recognition practices enhance transparency, financial reporting, and compliance with accounting standards. If you have any questions or require further guidance regarding income recognition, please contact the designated authority within the organization.

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