## **Changing Your Mindset** on Accounting for Grants



Is the payment a transfer of assets that is part of an existing exchange transaction between a recipient and an identified customer or another transaction outside the scope of contributions received (see paragraph 958-605-15-6)?

Is the transaction one in which each party directly receives commensurate value?

NO

It is an exchange transaction. Apply Topic 606 on revenue from contracts with customers or other applicable Topics.

NO

It is a nonreciprical transaction. Apply contribution (non-exchange) Outside the scope of this Subtopic. Apply other Topics.

Is there a donor-imposed condition or conditions present (a barrier and a right of return/right of release must exist)?

NO

It is unconditional. Recognize revenue in appropriate net asset class.

YES

It is conditional.
Recognize revenue
when the condition
or conditions
are met.

Meeting of Condition

Are restrictions present (that is, limited purpose or timing)?

MO

It is unconditional and without donor restrictions.

It is unconditional and with donor restrictions.