

<p style="text-align: center;"><b>SUMMARY OF MAJOR CHANGES TO DoD 7000.14.R, VOLUME 4, CHAPTER 16 “Revenue and Other Financing Sources, Expenses, Gains, and Losses”</b></p> <p style="text-align: center;">All changes are denoted by blue font</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table or figure that includes the revision</p> <p style="text-align: center;">Hyperlinks are denoted by <u><i>underlined, bold, italic, blue font</i></u></p>		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Hyperlinked references through out the chapter.	Update
1602	Replaced the definitions of exchange revenue and nonexchange revenue with the definitions in SFFAS No. 7.	Consistency
1603	Replaced the definitions of expenses and added a definition of loss with definitions from SFFAS No. 7.	Consistency
Appendix A	Removed all transaction classifications that simply restated those in SFFAS No. 7, Appendix B. Retained those for which there was additional explanation	Update
Appendix A	Removed the transaction for “Deposit fund transactions,” which had been deleted from SFFAS No. 7 by SFFAS 31.	Update
Appendix A	Moved the section on nonexchange transaction to follow the sequence of SFFAS No. 7, appendix B.	Consistency

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## CHAPTER 16

REVENUES AND OTHER FINANCING SOURCES, EXPENSES, GAINS, AND LOSSES1601 GENERAL

This chapter introduces the general accounting principles and concepts that the Department of Defense (DoD) Components and activities will follow to account for revenues and other financing sources, expenses, gains, and losses. Revenues, other financing sources, and gains are discussed in detail in [Chapter 18](#) of this volume. Expenses and losses are discussed in detail in [Chapter 17](#) of this volume. The “Table of Transactions” at Appendix A is provided to assist in the classification of exchange and nonexchange revenues, other financing sources, and gains and losses.

1602 REVENUES, GAINS, AND OTHER FINANCING SOURCES

160201. Revenues are amounts earned as a result of normal operations while gains generally relate to other transactions. Revenues normally result from the sale of, or reimbursement for, goods and services provided to DoD activities, other federal government agencies and the public. [Revenue is an inflow of or other increase in assets, a decrease in liabilities, or a combination of both that results in an increase in the government’s net position during a reporting period. Decreases in advances and prepayment liabilities after delivery of goods or services are examples of how decreases in liabilities impact revenue.](#)

A. The distinction between revenues and gains is a matter of classification in the general ledger accounts and presentation in the financial statements.

B. Revenues are recorded at gross amount while gains are shown net of related costs.

160202. Revenues. Revenue comes from two sources: exchange transactions and nonexchange transactions.

A. Exchange Revenue. [Exchange revenues are inflows of resources to a governmental entity that the entity has earned. They arise from exchange transactions, which occur when each party to the transaction sacrifices value and receives value in return.](#)

B. Nonexchange Revenue. [Nonexchange revenues are inflows of resources to the government that the government demands or that it receives by donations. The inflows that it demands include taxes, duties, fines, and penalties.](#)

160203. Other Financing Sources. The term “revenue” does not encompass all financing sources of government reporting entities, such as most of the appropriations they receive. [These other sources of financing do, however, provide resource inflows to government](#)

reporting entities, although not to the government as a whole. Other sources of financing include appropriations used, transfers of assets from other government entities, and financing imputed with respect to any cost subsidies.

160204. [Revenue Recognition](#). The basis for recording an amount as a revenue shall be the delivery of goods and services as evidenced by documentation of performance, a billing to the ordering activity, or the establishment of an accrual evidenced by constructive delivery or percentage of completion.

160205. [Periodic Revenue Recognition](#). In certain situations, delivery to customers may be spread over several accounting periods and a billing does not occur until final delivery is made. In such cases, revenue shall be recognized each time a partial delivery is made with a corresponding debit entry to the appropriate noncurrent accounts receivable account.

160206. [Asset Sales](#). Collections resulting from the sale of assets such as equipment shall not be treated as revenues by DoD Components that are not established to sell assets to other federal government agencies or to the public. Such collections are a partial recovery of the asset and shall be treated as such. Asset disposals, after considering any accumulated depreciation and cash collections, result in a gain or loss on disposal.

160207. [Refunds](#). Refunds are recoveries of overpayments and, as such, are not revenue. Refunds result from errors in paying invoices or returned items to vendor.

### 1603 EXPENSES AND LOSSES

160301. [Expenses](#). Expenses are outflows or other using up of assets or the incurrence of liabilities (or a combination of both) during a period from providing goods, rendering services, or carrying out other activities related to an entity's programs and missions, the benefits from which do not extend beyond the present operating period. Expenses are commonly reported at their gross amount.

160302. [Loss](#). A loss is any expense or irrecoverable cost often referred to as a form of nonrecurring charge, an expenditure from which no present or future benefit may be expected. For example, the sale of an asset at a price below book value would result in a loss. Losses are shown net of related proceeds.