

## SECTION 4410 — CONTRIBUTIONS: REVENUE RECOGNITION

### Table of Contents

Section		Page No.
300	INTRODUCTION.....	3-1
305	TYPES OF REVENUE.....	3-1
	.01 Restricted Contributions .....	3-2
	.02 Endowment Contributions .....	3-2
	.03 Unrestricted Contributions .....	3-3
310	INTERNALLY RESTRICTED FUNDS .....	3-3
315	RECOGNIZING REVENUE: ACCOUNTING FOR CONTRIBUTIONS .....	3-3
	.01 Choice of Methods .....	3-3
320	DEFERRAL METHOD .....	3-3
	.01 Definition.....	3-3
	.02 How the Deferral Method Works .....	3-4
	.03 Revenue Recognition — Deferral Method .....	3-4
	.04 Recognition of Endowment Contributions .....	3-4
	.05 Recognition of Restricted Contributions for Expenses of Future Periods.....	3-6
	.06 Recognition of Restricted Contributions for the Purchase of Capital Assets.....	3-6
	.07	
	(i) Restricted Contribution: Depreciable Capital Asset — Asset is Amortized .....	3-7
	(ii) Restricted Contribution: Non-Depreciable Capital Asset.....	3-8
	(iii) Restricted Contribution: Depreciable Capital Asset is Expensed .....	3-8
	(iv) Restricted Contribution: Depreciable Capital Asset is Capitalized — Not Amortized .....	3-9
	.08 Recognition of Restricted Contribution for the Repayment of Debt.....	3-10
	.09	
	(i) Restricted Contributions: Pay Back Debt to Fund Future Expenses .....	3-10
	(ii) Restricted Contributions: Pay Back Debt on a Capital Asset-Not Amortized .....	3-11
	(iii) Restricted Contributions: Pay Back Debt for Other Purposes.....	3-12
	.10 Recognition of Restricted Contributions for Expenses of the Current Period .....	3-12
	.11 Recognition of Unrestricted Contributions .....	3-13
	.12 Recognition of Net Investment Income.....	3-13
	.13 Unrestricted Net Investment Income .....	3-13
	.14 Net Investment Income on Endowments.....	3-14

## SECTION 4410 — CONTRIBUTIONS: REVENUE RECOGNITION

### Table of Contents (continued)

Section		Page No
	.15 Restricted Net Investment Income .....	3-14
325	PRESENTATION AND DISCLOSURE — DEFERRAL METHOD .....	3-14
	.01 Deferred Contributions .....	3-14
	.02 Net Investment Income for Endowment Purposes .....	3-14
330	FINANCIAL STATEMENT FORMAT .....	3-15
	.01 Statement of Operations .....	3-15
	.02 Statement of Financial Position .....	3-15
	.03 Accounting Policy Note .....	3-15
335	DISCLOSURE OF RESTRICTIONS .....	3-16
	.01 Disclosure of Non-Compliance with Donor Restrictions .....	3-16
	.02 Accounting for Non-Compliance with Donor Restrictions .....	3-17
340	ADVANTAGES AND DISADVANTAGES OF THE DEFERRAL METHOD .	3-17
	.01 Advantages .....	3-17
	.02 Disadvantages .....	3-18
	.03 Management Decision .....	3-19
345	RESTRICTED FUND METHOD .....	3-19
	.01 Definition .....	3-19
	.02 How the Restricted Fund Method Works .....	3-19
	.03 Revenue Recognition .....	3-20
	.04 Recognition of Endowment Contributions .....	3-20
	.05 Recognition of Restricted Contributions in Restricted Funds .....	3-20
	.06 Recognition of Restricted Contributions in General Funds .....	3-21
	.07 Recognition of Unrestricted Contributions .....	3-21
	.08 Recognition of Net Investment Income .....	3-22
	.09 Unrestricted Net Investment Income .....	3-22
	.10 Net Investment Income on Endowments .....	3-22
	.11 Other Restricted Net Investment Income .....	3-22
	.12 Board-Designated Restrictions on Net Investment Income .....	3-23
350	PRESENTATION AND DISCLOSURE — RESTRICTED FUND METHOD .	3-23
	.01 Deferred Contributions .....	3-23
	.02 Net Investment Income Earned on Endowments .....	3-23
355	FINANCIAL STATEMENT FORMAT .....	3-24
	.01 Statement of Operations .....	3-24
	.02 Statement of Financial Position .....	3-24
	.03 Accounting Policy Note .....	3-24
360	DISCLOSURE OF RESTRICTIONS .....	3-25
	.01 Disclosure of Non-Compliance with Donor Restrictions .....	3-25
	.02 Accounting for Non-Compliance with Donor Restrictions .....	3-26
365	ADVANTAGES AND DISADVANTAGES OF THE RESTRICTED FUND METHOD .....	3-26

## SECTION 4410 — CONTRIBUTIONS: REVENUE RECOGNITION

### Table of Contents (continued)

Section		Page No
	.01 Advantages .....	3-26
	.02 Disadvantages .....	3-27
370	COMPARISON OF THE DEFERRAL METHOD WITH THE RESTRICTED FUND METHOD.....	3-28
375	CONTRIBUTED MATERIAL AND SERVICES.....	3-30
	.01 Recognition Criteria .....	3-31
	.02 Deferral Method.....	3-31
	.03 Restricted Fund Method .....	3-31