

## 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)**

<b>Section</b>		<b>Page No</b>
	.15 Restricted Net Investment Income.....	3-14
325	<b>PRESENTATION AND DISCLOSURE — DEFERRAL METHOD.....</b>	<b>3-14</b>
	.01 Deferred Contributions.....	3-14
	.02 Net Investment Income for Endowment Purposes.....	3-14
330	<b>FINANCIAL STATEMENT FORMAT.....</b>	<b>3-15</b>
	.01 Statement of Operations.....	3-15
	.02 Statement of Financial Position.....	3-15
	.03 Accounting Policy Note.....	3-15
335	<b>DISCLOSURE OF RESTRICTIONS.....</b>	<b>3-16</b>
	.01 Disclosure of Non-Compliance with Donor Restrictions.....	3-16
	.02 Accounting for Non-Compliance with Donor Restrictions.....	3-17
340	<b>ADVANTAGES AND DISADVANTAGES OF THE DEFERRAL METHOD.....</b>	<b>3-17</b>
	.01 Advantages.....	3-17
	.02 Disadvantages.....	3-18
	.03 Management Decision.....	3-19
345	<b>RESTRICTED FUND METHOD.....</b>	<b>3-19</b>
	.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	<b>PRESENTATION AND DISCLOSURE — RESTRICTED FUND METHOD.....</b>	<b>3-23</b>
	.01 Deferred Contributions.....	3-23
	.02 Net Investment Income Earned on Endowments.....	3-23
355	<b>FINANCIAL STATEMENT FORMAT.....</b>	<b>3-24</b>
	.01 Statement of Operations.....	3-24
	.02 Statement of Financial Position.....	3-24
	.03 Accounting Policy Note.....	3-24
360	<b>DISCLOSURE OF RESTRICTIONS.....</b>	<b>3-25</b>
	.01 Disclosure of Non-Compliance with Donor Restrictions.....	3-25
	.02 Accounting for Non-Compliance with Donor Restrictions.....	3-26
365	<b>ADVANTAGES AND DISADVANTAGES OF THE RESTRICTED FUND METHOD.....</b>	<b>3-26</b>

## 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