

## **Santa Fe Conservation Trust Revenue Recognition Procedures**

The purpose of establishing these procedures is to create internal controls and consistency over the recognition of revenues. The objective is to insure that all revenues are recorded in the appropriate fiscal period, and in accordance with Generally Accepted Accounting Principles.

Revenues can be generated in several ways, including:

- Unrestricted cash contributions from donors (checks, credit cards and Pay Pal)
- Unrestricted gifts of stocks or bonds from donors
- Gifts from donors in the above manner, but with conditions requiring performance of an activity, or expenditures of monies by the Trust
- Sales of tickets to fund raising events
- Grants from foundations
- Proceeds from contractual arrangements
- Changes in value of assets held by the Santa Fe Community Foundation
- Dividends, interest and capital gains/losses from investments

Generally, revenues shall be recognized in the Statement of Activities in the period when they are received or unconditionally promised to the Trust.

If a gift is received that requires the Trust to perform a service or to incur a future cost in order to retain the gift, then the revenue recognition shall be deferred until such obligations are fulfilled. In such instances, the cash, or a contribution receivable, shall be recorded with an offset to Unearned Income (a liability) on the Statement of Financial Position. Upon fulfillment of the obligation, the liability shall be removed from the Statement of Financial Position and the revenue shall be recognized in the Statement of Activities.

As to gifts conditioned on fulfillment of an obligation, the Trust shall maintain documentation of the conditions sufficient to fulfill the Trust's obligations as to that gift.

Frequently, donations are received in early January of each year representing responses to the previous year-end annual appeal. Generally, it is the intent of the donor to treat his or her donation as a prior year donation for income tax deduction purposes. Within reason, the Trust will consider these donations as income in the prior year, and will record a contribution receivable with the offsetting revenue recognition in December of the prior year. Any such receipt where the check is dated in December, or the envelope postmark is dated in December shall be treated as revenue received in December. Other donations received in January that are clearly responses to the prior year appeal shall be considered for December revenue recognition on a case by case basis. The intent is to recognize the income from year to year in a consistent manner, taking into account the perceived intentions of the donor.

Proceeds from sales of admissions to fundraising events, such as the annual Udall dinner, shall be recognized as revenues upon receipt.

When Conservation Easement engagement letters are signed with potential donors, the Commitment Fee will be recorded as receivable. When a conservation easement has been pre-approved by the State, the remainder of the Conservation Fee and the Stewardship Contribution will be recorded as receivable. Upon recording of the Conservation Easement, the Conservation Fee and Stewardship Contribution will be considered due and payable.

When contractual arrangements other than conservation easement engagement letters are entered into which result in an amount due to the Trust from the other party to the contract, then a receivable shall be recorded. If the Trust incurs obligations pursuant to such a contract, revenue shall not be recognized until the Trust has fulfilled its obligations, at which time the liability is removed and revenue is recognized.

Grants from foundations shall be recognized as revenue in the period when the donor provides the Trust with an unconditional promise to pay the grant. In some instances, the receipt of the payment will be spread over multiple years. Despite this, the receivable shall be recognized, offset by the recognition of revenue for the entire amount of the grant at the time of the promise to pay.

Grants from the Santa Fe Community Foundation are received periodically throughout the year. Revenue from these grants shall be recognized in the period in which the distribution is made by the Foundation. Additionally, the Foundation reports quarterly on the asset balance of the endowment accounts, in accordance with SAS 136. The net change in asset value disclosed in these quarterly reports shall be recognized as an increase or reduction in revenues in the period covered by the report.

Revenue from financial gains and losses for investments shall be recorded in the period reported by the investment manager.

This statement of procedures is prepared April 29, 2008 and is effective immediately.