

<b>FINANCE</b>  <b>PROCEDURE</b>  <b>MANUAL</b>	<b>TITLE:</b> Foundation - Pledges	
	<b>NUMBER:</b> FIN-GRF-001	<b>VERSION:</b> 01
	<b>ISSUED DATE:</b> 9/8/2009	<b>REVISION DATE:</b> 2/12/2013

➤ **Purpose:**

An outline of the process used for reporting and accounting for Pledges.

➤ **Definitions:**

**Financial Edge (FE):** Financial software module integrated with Raiser’s Edge to record all financial transactions.

**Pledge:** Promises of cash or other assets that external entities, including individuals, voluntarily make to the College, its Foundation, or similar charitable entity.

**Raiser’s Edge (RE):** Software package used to track and account for pledges and gifts.

➤ **Responsibility:**

**Foundation Executive Director (FD):** Authorizes all pledges to be recorded and certifies the validity of all outstanding pledges at the end of each fiscal year.

**Foundation Accounting Specialist (FAS):** Retains pledge documents for accounting purposes.

**Foundation Research Specialist (FRS):** Records the pledges in RE and posts the pledge to the General Ledger in FE.

**Grants & Restricted Accounting Manager (GRAM):** Processes necessary adjusting entries at each year end.

➤ **Procedure Details:**

1. Pledges are received in writing and authorized by the FD and then recorded in the books.

- Pledge must include amount and either specific dates or events when payments become due.
  - The pledge should not exceed five (5) years from the date the pledge is signed.
  - Any payments scheduled beyond the 5 year limit will not be recorded in the books unless the FD makes a special authorization.
  - FRS records the pledge in RE when received, and posts the pledge to the General Ledger in FE. A copy of the pledge document is forwarded to the FAS for accounting records.
2. All pledges must be reported either as current or noncurrent assets based on their dates of maturity.
    - Pledges maturing within 12 months are current. All others are noncurrent.
  3. As payments are received for fulfillment of the pledge. The payment must be applied to reduce the original pledge taking care not to apply the payment as a new contribution.
  4. The FD must certify the validity of all outstanding pledges at the end of each fiscal year. All uncertified pledges must be written off immediately.
  5. The GRAM processes necessary adjusting entries at each year end to ensure that remaining pledges are reported at their present value.

➤ **References:**

Accounting Manual for Florida's College System:

[http://www.palmbeachstate.edu/finance/Documents/State\\_of\\_FL\\_Acctg\\_Manual.pdf](http://www.palmbeachstate.edu/finance/Documents/State_of_FL_Acctg_Manual.pdf)