

PROCEDURE

Series:	Cash Management	COA: FIN 2, 7.02, 7.03, 7.05
		CFOP:
Procedure Name:	Cash Contributions, Pledges and Donated Goods and Services	
Procedure Number:	CM160	
Reviewed Date:	2/20/13, 10/21/15	
Revision #/Date:	(2) 2/09/0/ (3) 6/23/17 (4) 08/11/2020	
Effective Date:	10/01/04	
Applicable to:	All BFP, C.A.R.E.S. and NCFIE Staff	

PURPOSE: To record and acknowledge all cash contributions, pledges and donated goods and services into the accounting system and the donor database.

PROCEDURE:

References

Policies/Procedures: GOV-202, CM-140, CM-170, GOV-005, GOV-205, GOV-208, PBR-3006
Cash Receipt Mail Log
Volunteer Hours Tracking Form

Definitions

Pledge: A contribution promise in a written or oral agreement to contribute cash or other assets to BFP; however, to be recognized in financial statements there must be sufficient evidence in the form of verifiable documentation that a promise occurred and has been received. A communication of a contribution promise is considered an unconditional promise to give if it indicates an unconditional intention to give that is legally enforceable.

Cash Contributions

1. When a cash contribution is received, procedure CM-140 – Cash Receipts Controls is to be followed.
2. A copy of the check and any supporting documentation for any contribution is forwarded to the Public Relations Coordinator or designee for documenting the transaction in the donor database of record.

Pledges

At BFP, the general rule is that pledges will be recognized when received. However, if a pledge is conditional, it will not be recognized until the condition is met. A condition is a “donor” imposed triggering event. Once the trigger event/condition occurs, the pledge will be recognized by BFP.

It should be noted that conditions are different from restrictions. A donor imposed condition on a promise to give specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets transferred or releases the promisor from its obligation to transfer assets promised. In contrast, a donor-imposed restriction limits the use of contributed assets; i.e. it specifies a use.

Supporting documentation provided with the pledge is attached to the journal entry for Finance Department recording and filing.

Copies of the pledge and any supporting documentation will be provided to the Public Relations Coordinator for the Public Affairs Department recording and filing.

Donated Goods and Services

1. Donated Goods (Gift in Kind)

Donated items that can be used or sold by an organization should be recognized as contributions and recorded as follows:

- Donated items to be sold should be recognized at their fair market value as outlined in procedure PBR-3006, Fair Market Value Measurements. When these items are sold, any difference between the original contribution amount recorded and the ultimate sales price should be entered as an adjustment to the contribution revenue previously recorded.
- Donated items to be used should be recognized at their fair market value as outlined in procedure PBR-3006, Fair Market Value Measurements. As these items are used, they should be depreciated over their useful lives.

All donated goods and services initial entry into BFP will be through the Public Affairs Department. The Public Relations Coordinator is responsible for providing a monthly spreadsheet listing all donated goods to the Finance Department for recording in the general ledger that contains:

- The date the donation was received.
- A description of the item being donated.
- Fair Market Value as outlined in procedure PBR-3006, Fair Market Value Measurements.
- Donor's name or business.
- Program benefiting from the donated goods.

2. Donated Services

When to Record

Donated services should be reported in the general ledger if and only if the services create a nonmonetary asset or if the services **meet all three** of the following criteria:

1. Would typically need to be purchased by the organization if they were not provided by contribution, and
2. Require specialized skill, and
3. Are provided by individuals with that specialized skill.

Accounting guidelines do not give the definition of specialized skill, but they do list examples, such as accounting, financial, constructions, educational, electrical, legal, and medical.

When BFP engages a volunteer to perform services, a determination will need to be made as to whether the service meets all criteria above. If the services do not, then no further action is necessary. If the volunteer services meet the criteria above, the process below should be followed:

A Volunteer Hours Tracking Form must be completed by the volunteer to include:

- The date of service
- A description of the activity
- Start time/end time
- Total volunteer hours
- The signature of the volunteer
- The signature of the BFP staff overseeing the service
- The Volunteer Hours Tracking Form must be forwarded to the Finance Department monthly for recording the activity into the general ledger

Data to Record

When donated services are recorded, they should be reported at their fair market value as outlined in procedure PBR-3006, Fair Market Value Measurements. The following items will also be required for the donated services to be recorded in the general ledger.

- A description of the programs or activities for which those services were used.
- The nature and extend of services received for the period.
- The amount recognized as revenues for the period will be recorded.

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:



PHILIP J. SCARPELLI
Chief Executive Officer
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APPROVAL DATE: 8/27/2020