

Utah Tech University Policy

282: Pledges



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I. Purpose

- 1.1 To standardize pledge agreements at Utah Tech University (“the University”), and to limit the time period over which a pledge is to be paid.

II. Scope

- 2.1 This policy applies to all voluntary donations to the University in the form of pledges.

III. Definitions

- 3.1 **Contingencies (Conditional):** The donor’s offer of resources is contingent upon a specified action of the recipient or occurrence of a future event (GASB 33, SGAS 33, NACUBO FARM 362.42)
- 3.2 **Donor Advised Funds:** A Donor Advised Fund (DAF) is treated like a public charity, so an individual who uses a DAF as a giving vehicle receives a charitable tax deduction at the time that personal assets are transferred to the DAF. The funds are then controlled by the DAF, not the individual.
- 3.3 **Endowment Pledges:** Pledges related to permanent and term endowments or other endowments.
- 3.4 **Firm Commitment:** Pledges that include words like “promise,” “pledge,” or “agree.” Does not include words like “plan,” “intend,” or “hope.”
- 3.5 **Intention to Give:** Pledges that include words like “plan,” “intend,” or “hope.”
- 3.6 **Pledge:** Pledges receivable arise when donors voluntarily make promises to provide resources for use by the University without directly receiving value in exchange from the University.

- 3.7 **Reimbursement:** The donor offers resources on a reimbursement (“expenditure driven”) basis. (GASB 33, SGAS 33, NACUBO FARM 362.42)
- 3.8 **Revocable and Irrevocable Gifts:** Many donors make planned gifts through their wills (bequests), living trusts, life insurance, and other revocable arrangements that become irrevocable only at the donor’s death.
- 3.9 **Time Requirements:** The period when resources are required to be uses (sold, disbursed, or consumed) or the period when use is first permitted has begun or the resources are being maintained intact, as specified by the donor. (GASB 33, SGAS 33, NACUBO FARM 362.42)
- 3.10 **Verifiable Documentary Evidence:** Includes pledge cards, award letters, written registers, email, or other means that contains at least the following information: Donor’s name, address, telephone number, the amount of the pledge, the date of the pledge, date(s) payments are due, the name of the individual to whom the pledge was made, and the signature of the donor. Email correspondence will be considered as meeting the signature requirement (see ASC-958-310).

IV. Policy

- 4.1 Pledge agreements used in conjunction with any fundraising program or event should be approved in advance by the University Advancement Office to ensure the gathering of adequate pledge data and documentation, coordination with the University’s computer system, and implementation of the proper pledge billing procedures.
- 4.2 The recommended time frame for development pledges is one to three years, preferably one year. Pledge periods that exceed three years should be approved in advance by the University Advancement Office.
- 4.3 In order to be recognized as revenue, a pledge must have verifiable documentary evidence, a firm commitment, be reviewable by the Business Office, and auditable.
 - 4.3.1 Unconditional pledges will be recorded as revenue when received.
 - 4.3.2 Conditional pledges will only be recorded after all conditions have been met.
 - 4.3.3 Time pledges will only be recorded after the time requirements have been met.
 - 4.3.4 Pledges containing “intention to give” verbiage are conditional and cannot be recorded as revenue.

4.3.5 Endowment pledges are conditional and cannot be recorded as revenue.

4.4 Accounting standards do not allow revocable gifts to be booked as pledges.

V. References

5.1 GASB 33, SGAS 33, NACUBO FARM 362, FASB 116

VI. Procedures

6.1 Rather than recording new pledges and tracking pledge payments made against the receivable throughout the year, these entries are done once a year at fiscal year-end. After June 30th, Development will review all outstanding pledges to determine collectability.

6.2 Once the listing of pledges has been finalized, it is sent to the Director of Accounting in the Business Office. The list is then reviewed to determine which pledges are new vs. carry-forward and which pledges meet the minimum threshold.

6.3 For any pledges that meet the minimum threshold and are considered to be new, the Director of Accounting will request the supporting documentation from Development to ensure that all proper signatures are secured and to make sure there are not conditions surrounding the pledge.

6.4 The Director of Accounting will then complete the pledge roll-forward for any previously booked pledges, noting whether or not they have been paid, written off or reallocated to a different purpose. This must be done on a pledge by pledge basis.

6.5 All pledges are considered to be restricted regardless of their designation once received. The restriction is based upon time. Recording pledges as unrestricted revenue may lead financial statement users to conclude incorrectly that these funds are currently available.

6.6 Once the pledge is received, the revenue is then considered to be “released from restriction.”

6.7 Pledges whose ultimate designation are for the endowment will be recorded as permanently restricted revenue. All other designations are recorded as temporarily restricted revenue.

VII. Addenda – N/A

Policy Owner: Vice President of Advancement
Policy Steward: Advancement Services Manager

History:

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