



**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:** CM-160

**Revision #/Date:** (2) 2-09-09

**Effective Date:** 10/01/04

**Applicable to:** All CBCB Staff

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**SUBJECT:** Cash Contributions, Pledges and Donated Goods and Services

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

**PROCEDURE:**

### References

CBCB Policies/Procedures: GOV-202, CM-140, CM-170, GOV-005, GOV-205, GOV-208, PBR-3006

Cash Receipt Mail Log

IRS Publication 561

Statement of Financial Accounting Standards (SFAS) No. 116 - Accounting for Contributions  
Received and Contributions Made

Volunteer Hours Tracking Form

### Definitions

Pledge: A promise to give that is in a written or oral agreement to contribute cash or other assets to CBCB; however, to be recognized in financial statements there must be sufficient evidence in the form of verifiable documentation that a promise was made and received. A communication that does not indicate clearly whether it is a 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 for documenting the transaction in the donor database of record.
3. If a contribution is received via the "Click & Pledge" database accessible via the CBCB website, the following procedure is to be followed:
  - a. A check is processed by Click & Pledge on the 1<sup>st</sup> and 15<sup>th</sup> of every month in which there is activity.
  - b. The Accounting Manager or the Public Relations Coordinator will log onto the Click & Pledge website to produce a report detailing the transactions paid on any check received. It should be noted that only these two positions will have working access to the login and password for Click & Pledge.

The Click & Pledge website login and password will be maintained in a sealed envelope in a secured safe located in the Chief Financial Officer's office. This envelope will only be opened or removed in case of departure of one of the two staff members listed above whereby the Click & Pledge access will be updated.

- c. The Public Relations Coordinator receives an email every time there is activity for CBCB which details who the contribution or payment is from, how much the contribution or payment is and what the funds are for. Copies of the emails are given to the Accounting Manager to match with the report that is obtained from section 3b.
- d. The report and all supporting documentation are attached to the check and then procedure CM-140, Cash Receipts Controls, is to be followed.

## **Pledges**

At CBCB, 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 CBCB.

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 Accounting Department recording and filing.

Copies of the pledge and any supporting documentation will be provided to the Public Relations Coordinator for the Public Relations 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 initial entry into CBCB will be through the Public Relations Department. The Public Relations Coordinator is responsible for providing a monthly spreadsheet listing all donated goods to the Accounting 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.

SFAS No. 116 does not give the definition of specialized skill, but they do list examples, such as accounting, financial, construction, educational, electrical, legal, and medical.

When CBCB engages a volunteer to perform services, a determination will need to be made as to whether the service meets all of the criteria above. If the services do not, then

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no further action is necessary. If the volunteer services does meet the criteria above, the process below should be followed:

- A Volunteer Hours Tracking Form must be completed 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 CBCB staff overseeing the service.
  - The Volunteer Hours Tracking Form should be forwarded to the Accounting 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 extent of services received for the period.
- The amount recognized as revenues for the period will be recorded.

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:



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DR. PATRICIA NELLIUS-GUTHRIE  
Chief Executive Officer  
CBC of Brevard, Inc.

APPROVAL DATE: 3/17/09