
2221 PLEDGE: MANAGEMENT PROCESS

Effective: July, 2003
Revised: March, 2006
Last Reviewed: April, 2016
Resp. Office: Treasurer
Approval: Treasurer

PURPOSE:

To document the policies of pledge agreements and payment schedules.

POLICY:

Pledges represent a basic tool for soliciting and obtaining gifts for a variety of institutional purposes. Multi-year pledges play a particularly important role in major gift solicitations since they enable donors to manage their cash flow effectively and take advantage of tax-planning strategies that can maximize the value of their gifts. Pledges committed over specific periods of time, and the scheduled payments made to fulfill them, contribute to effective financial management by the University. They provide schools and centers with a clear idea of when and how to expect cash payments as plans proceed for implementing either programs or construction projects. Managing the pledge process effectively is critical to the financial stability and long-term growth of the University.

Gift Pledge receivable balances and discounts are reconciled monthly between the Gift System and General ledger. Items \$1M or greater are corrected in the current month. Other items are generally corrected the following month. Items over 90 days are generally written off.

Agreement:

The pledge management process should begin with a clear and comprehensive written pledge agreement, which is an integral tool in managing the relationship between a donor and the University. A signed pledge agreement sets expectations and responsibilities for the donor and the University by outlining the intent of the gift, a payment schedule, and any special conditions regarding the gift.

Payment Schedule:

The standard pledge payment schedule for a non-annual fund gift of \$25,000 or more is five years with equal payments each year. Donors are permitted to pay over a shorter period of time. However, if a donor requests a payment period greater than five years, the development officer needs the approval of his/her Dean or Center Director, and/or the Vice President for Development and Alumni Relations. The extension payment schedule will be granted only under exceptional circumstances. If a payment schedule for an existing pledge is renegotiated for a new fulfillment period longer than five years, it also requires the same approval by the parties listed above