

CONTRIBUTIONS RECEIVABLE: ASNPO 4420

Recognition

- A contribution receivable should be recognized as an asset when it meets the following criteria:
 - a) the amount to be received can be **reasonably estimated**; and
 - b) ultimate **collection** is reasonably assured

Pledges and bequests

Pledges:

- A pledge is a promise to contribute cash or other assets to a not-for-profit organization
- A pledge is **recognized as a receivable and revenue** when the above recognition criteria are met
- Because collectability of pledges often depends on factors outside the organization's control; it may not meet the recognition criteria until they are physically received
- Organizations that have large, **annual fundraising campaigns** may find that they can estimate the realizable value of pledges accurately based on historical results. Such organizations may therefore conclude that **reasonable assurance exists that a certain proportion** of the total amount pledged will be collected and would recognize that **proportion before it is collected**

Bequests

- Bequest is when a person leaves a property to the not-for-profit organization in his/her will
- Due to uncertainty of the timing of the receipts and the amount that will be received, in most cases the recognition criteria will not be satisfied until the property is received