

**University of Florida Foundation, Inc.**  
**Allowance for Doubtful Accounts**

Policy #: 5.18

Policy Category: Administrative

Effective Date: May 24, 2021

Responsible Department: Finance and Accounting

**1. PURPOSE**

To ensure correct accounting for allowance for doubtful accounts.

**2. APPLICABILITY**

Pledges receivable and mortgages and notes receivable of UFF.

**3. POLICY**

Pledges receivable:

Unconditional promises to give that are expected to be collected within one year are to be recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are to be recorded at the present value of their estimated future cash flows. Discounts on those amounts are to be computed using the risk adjusted discount rate for the month the pledge was initially recognized. Amortization of the discounts is to be included in contribution revenue.

The allowance for doubtful accounts is calculated using a combination of the balance sheet approach and the income statement approach for recognizing bad debt expense.

A collared balance sheet approach will be employed to ensure the allowance for doubtful accounts does not fall outside a collar of UFF's historical write-offs. The bounds of the collar employed are the historical write-off percentage less 0.5% to plus 2%.

The income statement approach will be used to recognize the current year write-off percentage of net new pledges, on an undiscounted basis, each fiscal year as bad debt expense.

Mortgages and notes receivable:

Mortgages and notes receivable are to be stated in the financial statements at the amount management expects to collect from outstanding balances. Management will have a provision for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are considered uncollectible after Management has used reasonable collection efforts are to be written off through a charge to the valuation allowance and a credit to mortgages and notes receivable.

#### 4. CLARIFICATION

Requests for clarification of this policy should be sent to [financeandaccounting@uff.ufl.edu](mailto:financeandaccounting@uff.ufl.edu).

Approved on May 24, 2021



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Karen Rice, Associate Vice President

Revision history: Original version  
Revised October 6, 2012  
Updated January 3, 2020  
Changed to Administrative Policy by Executive Board October 9, 2020  
Revised May 24, 2021