

# Davis Applied Technology College: A Utah College of Applied Technology Campus Donations Accounting

## Overview

38-XX-XX

**Effective Date: 01 March 1996**

Administrative Council Approval: 21 February 1996

Board Approval: 27 February 1996

## Purpose/Background

To provide a table of contents for policies and procedures governing the receipt and accounting for donations made to the Davis Applied Technology Center (DATC), DATC Foundation (Foundation), and DATC student organizations.

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# Davis Applied Technology College: A Utah College of Applied Technology Campus

## Donations Accounting

### General Policies and Procedures

38-10-XX

**Effective Date: 01 March 1996**

Administrative Council Approval: 21 February 1996

Board Approval: 27 February 1996

#### Purpose/Background

To provide policies governing the receipt and accounting for donations made to Davis Applied Technology Center (DATC), DATC Foundation (Foundation), DATC student organizations, and for proceeds from fund raising activities.

#### Definitions

- 1) Donation to the Foundation

All donations received will be a donation to the Foundation as a matter of policy.

- 2) Donation to a DATC Student Organization

A donation that has been specified for the use of a student organization.

#### Policy

- A) All donations received by the DATC will be processed through the Foundation.
- B) The Foundation Coordinator or designee must complete a Donation Receipt Form for all donations received.
- C) For cash donations, the Donation Receipt Form must be submitted, along with the cash or check, for deposit into the Foundation's bank account within three days of receipt. The value of the donation should always be stated on the Donation Receipt Form for cash donations, along with the estimated value of any goods or services given to the donor in return for the donation.
- D) For non-cash donations the Donation Receipt Form must be submitted within two weeks of receipt with no value assigned. A Non-Cash Donation Valuation Form must be attached for valuation purposes. A letter or document from the donor which transfers ownership and/or title of the donated items is required. This documentation from the donor shall not be required for small items where possession is primary evidence of ownership and for which title paperwork is not normally prepared. Any questions in this regard should be directed to the DATC Comptroller.
- E) Fund raising activities will be promoted communicating both the tax deductible and non-deductible portions of donations in all solicitations in accordance with federal and state laws and regulations including, but not limited to, IRS Revenue Ruling 67-246.
- F) For non-cash donations, the Foundation will only process Donation Receipt forms for donations that have a valid DATC use as determined by the Foundation Coordinator or designee and an appropriate DATC Program Manager receiving the donated items.
- G) Donations shall be considered unrestricted unless the donor specifies in writing at the time the donation is made that the donation must be used for a specific purpose. In such cases the Fiscal Services Office shall place the funds in a restricted fund account, and maintain a central file of written requests restricting donations.

Use of unrestricted donations will be determined by the Foundation Board or by the Coordinator if so directed by the Foundation Board. The decision on use will be indicated in the minutes of the Board meeting and a copy of said minutes will be forwarded to the Fiscal Services Office to be attached to the Donation Receipt Form. If the use of funds is determined by the Foundation Coordinator, a memo to the Fiscal Services Office, rather than Board minutes, will be required.

- H) Students soliciting donations for DATC student organizations must pool collected funds for use by the entire student organization. Students receiving donations to pay for their own individual costs for student organization related activities may deposit these funds with the DATC in order to pay for activities as a group. These deposits of individual students will not be considered as donations for DATC or Foundation purposes. These student deposits will be accounted for in an agency fund and will not be processed through the Foundation.
- I) The Foundation Coordinator shall be responsible for compliance with all federal and state laws pertaining to donations, fund raising, and other matters associated with Foundation activities.
- J) The Foundation shall be responsible for filing of all tax and information forms and returns required by the Internal Revenue Service or other regulatory agencies for donations, fund raising, and other matters associated with Foundation activities.
- K) Foundation representatives shall not attempt to provide legal or tax advice to donors and shall refrain from any acts or statements that might be construed as tax or legal advice. DATC Fiscal Services Office personnel should not be consulted for legal or tax advice related to donations. When appropriate, donors should be advised to consult with their own legal or tax advisors.
- L) No personal use benefit will be allowed to Foundation personnel of items donated to the DATC or the Foundation for any purpose.
- M) Foundation representatives shall avoid appraising or assigning a value of non-cash donations for the donor. The value that donors assign to non-cash donations for purposes of computing income tax deductions is in no way binding upon the DATC or the Foundation when it assigns its own book value to such donations.
- N) All cash donations should be mailed by the donor or delivered directly to the DATC Foundation offices and receipted by Foundation clerical personnel. The Foundation Coordinator shall be prohibited from directly receiving cash donations in excess of \$500.

#### **Procedures**

- A) For fixed asset valuation of non-cash donations, the Program Manager or designee of the program receiving the donated item should estimate the fair market value of each item as follows:
  - 1) If under \$1,000, verify that donor's estimate is reasonable.
  - 2) If between \$1,000 and \$5,000, obtain two comparisons and take the average. Comparisons may include telephone bids, catalogues, etc. If this is not practical due to old or unique items, the Program Manager should use their best judgment in determining the value.
  - 3) If over \$5,000, a written estimate is required.
- B) The Fiscal Services Office will keep a master list of all non-cash donations processed through the Foundation. Items will remain on this list for two years from the donation date or until the items are sold or otherwise disposed of. Program Managers must notify the Fiscal Services Office upon selling or otherwise disposing of any donated item. The Fiscal Services Office will notify the Foundation of items

sold or otherwise disposed of prior to two years from the date of the donation. The Fiscal Services Office will indicate the date the item was sold, exchanged, or otherwise disposed of and the amount received upon disposition.

- C) Expenditures from donated funds shall be made by the Fiscal Services Office upon receiving proper approval and ensuring all restrictions placed on the donated funds are being met. The Assistant Accountant's approval is required in addition to any other approvals required by Purchasing and Payment policies.
  
- D) Foundation clerical personnel shall follow proper cash receipting procedures for cash donations received in the mail and/or delivered directly to Foundation offices by the donor. Daily logs or summaries of cash receipts will be prepared to support daily cash activity.

# **Davis Applied Technology College: A Utah College of Applied Technology Campus**

## **Donations Accounting**

### **Processing Cash Donations**

**38-10-01**

**Effective Date: 01 March 1996**

Administrative Council Approval: 21 February 1996

Board Approval: 27 February 1996

#### **Purpose/Background**

To outline steps for processing cash donations made to the Davis Applied Technology Center (DATC) Foundation (Foundation), or DATC student organizations.

#### **Procedures**

##### **A) Donations to the Foundation**

- 1) The representative soliciting the donation from other parties specifies the donation is for the Foundation. Checks should be made out to DATC Foundation.
- 2) A letter or document from the donor stating the purpose of the donation, and the nature of restrictions, if any, is submitted to the Fiscal Services Office for Comptroller approval.
- 3) The Foundation Coordinator or designee will verify the amounts of cash and process the money for deposit into the Foundation's bank account.
- 4) The Foundation Coordinator or designee prepares a Donation Receipt Form and obtains appropriate signatures. The Foundation Coordinator or designee forwards the white copy of the Donation Receipt Form along with a thank you letter to the donor. The thank you letter must detail any restrictions for specific purposes on the donation, or state that there is no restriction. The yellow copy of the Donation Receipt Form will be retained by the Foundation. The green copy will be forwarded to the Fiscal Services Office.
- 5) The Foundation will process the donation paperwork and will issue a check to the DATC along with the completed green copy of the Donation Receipt Form for the Fiscal Services Office.
- 6) The money received by the DATC from the Foundation will be receipted by the Head Cashier following cash receipting procedures and accounted for in an appropriate fund, determined by the nature of the restrictions, if any.
- 7) If the donor specified a specific use when the donation was made, the Foundation will be bound to use the donation for that purpose and the funds will be accounted for in a restricted fund account and tracked by the Fiscal Services Office.
- 8) If there is not a purpose indicated, the Foundation Board will meet or the Foundation Coordinator will decide if so directed by the Foundation Board and recommend the use of the donation. Minutes of the meeting documenting the Board decision will be forwarded to the Fiscal Services Office. If the use of funds is determined by the Foundation Coordinator, a memo to the Fiscal Services Office, rather than Board minutes, will be required. The Fiscal Services Office will track any restrictions imposed by the DATC Foundation Board or Coordinator.
- 9) Any expenditures made from donated funds will require approval of the Assistant Accountant in addition to any other approvals required by Purchasing and Payment policies.

B) Donations to DATC Student Organizations

- 1) All donations to DATC student organizations will be processed through the Foundation.
- 2) If a student organization desires to solicit funds, the organization must submit, under the direction of the instructional advisor, a written plan for the solicitation to the Foundation Coordinator. The plan must be approved by the Foundation Coordinator prior to soliciting funds. Fund raising activities which meet the criteria of the Processing Proceeds from Fund Raising Activities portion of the Donations Accounting policy shall not be required to submit such a plan and the donations shall be processed following the procedures outlined for fund raising activities in that policy.
- 3) Written solicitation plans shall include the following elements: a) a method for the students to identify themselves as legitimate representatives of the student organization; b) a method to provide adequate receipts to the donor and to collect adequate information to complete the Donor Receipt Form; c) a method to ensure that all cash collected by students is turned in to the student organization; and d) a method for following up on pledges if pledges are to be accepted.
- 4) The student representative soliciting the donation from other parties specifies the donation is for the student organization. Since the donations will be processed through the Foundation, checks should be made out to DATC Foundation.
- 5) On a daily basis the student returns all donations along with the related documentation to his instructor. The instructor accounts for the money and the documentation and reconciles any differences and brings the documentation along with the money to the Foundation Coordinator or designee on a weekly or more frequent basis.
- 6) The Foundation Coordinator or designee verifies that the amounts on the forms equals the cash submitted and processes the money for deposit into the Foundation's bank account.
- 7) All donations to student organizations will be pooled and be evenly distributed among all members of the student organization that are involved in the activity which the funds were donated for. No donations will be allowed to student organizations which are restricted for the use of individual students.
- 8) The Foundation Coordinator or designee prepares a Donation Receipt Form and obtains appropriate signatures. The student organization will be responsible, under the direction of the instructional advisor, to send the white copy of the Donation Receipt form along with a thank you letter to all those who made donations. The thank you letter must detail any restrictions for specific purposes on the donation and specifically state that the donation is for the use of the student organization. The yellow copy of the Donation Receipt Form will be retained by the Foundation. The green copy will be forwarded to the Fiscal Services Office.
- 9) The Foundation will process the donation paperwork and will issue a check to the DATC along with the completed green copy of the Donation Receipt Form for the Fiscal Services Office. The check will be forwarded to the Fiscal Services Office for deposit into the appropriate agency fund account.
- 10) The Fiscal Services Office will track the funds in the appropriate agency fund account. All expenditures from the account will require the approval of two students of the organization in official leadership positions, the instructional advisor, and the Assistant Accountant.

# **Davis Applied Technology College: A Utah College of Applied Technology Campus**

## **Donations Accounting**

### **Processing Non-Cash Donations**

**38-10-02**

**Effective Date: 01 March 1996**

Administrative Council Approval: 21 February 1996

Board Approval: 27 February 1996

#### **Purpose/Background**

To outline steps for processing non-cash donations made to the Davis Applied Technology Center (DATC) Foundation (Foundation) or DATC student organizations.

#### **Procedures**

##### **A) Donations to the Foundation**

- 1) A non-cash donation is proposed by the donor. The Foundation Coordinator or designee coordinates with DATC Program Managers to determine if a legitimate use exists. If a legitimate use is identified, the donation is accepted.
- 2) A letter or document from the donor which transfers ownership and/or title to the donated item and which states the purpose of the donation and the nature of restrictions, if any, are submitted to the Fiscal Services Office for Comptroller approval.
- 3) The appropriate Program Manager submits the signed Non-Cash Donation Valuation form to the Fiscal Services Office for the Comptroller's approval within two weeks of receipt.
- 4) The Foundation Coordinator or designee prepares a Donation Receipt Form (without a value listed) and obtains appropriate signatures. The Foundation Coordinator or designee forwards the white copy of the Donation Receipt Form along with a thank you letter (with no determination of value) to the donor. The thank you letter must detail any restrictions for specific purposes on the donation, or state that there is no restriction. The thank you letter will indicate if the donated item is to be used for a gift or prize. The yellow copy of the Donation Receipt Form will be retained by the Foundation. The green copy will be forwarded to the Fiscal Services Office.
- 5) The Fiscal Services Office will account for the items donated to the DATC programs through the Foundation in the Plant Fund if the value is in excess of \$1,000.

##### **B) Donations to DATC Student Organizations**

- 1) All donations to DATC student organizations will be processed through the Foundation.
- 2) A non-cash donation is proposed by donor. The instructional advisor for the student organization in conjunction with the Foundation Coordinator determines if a legitimate use exists. If a legitimate use is identified, the donation is accepted.
- 3) A letter or document from the donor which transfers ownership and/or title to the donated item and which states the purpose of the donation and the nature of restrictions, if any, are submitted to the Fiscal Services Office for Comptroller approval.
- 4) The instructional advisor submits the signed Non-Cash Donation Valuation form to the Fiscal Services Office for the Comptroller's approval within two weeks of receipt. The Non-Cash Donation Valuation form should indicate the disposition of the donated item, that is, whether the item will be sold, retained by the student organization, or donated to the DATC.

- 5) All donations to student organizations will be pooled and used for the general benefit of the student organization. No donations will be allowed to student organizations which are restricted for the use of individual students.
  
- 6) The Foundation Coordinator or designee prepares a Donation Receipt Form (without a value listed) and obtains appropriate signatures. The student organization, under the direction of the instructional advisor, will be responsible to send the white copy of the Donation Receipt Form along with a thank you letter (with no determination of value) to the donor. The thank you letter must detail any restrictions for specific purposes on the donation, and specifically state that the donation is for the use of the student organization. The thank you letter will indicate if the donated item is to be used for a gift or prize. The yellow copy of the Donation Receipt Form will be retained by the Foundation. The green copy will be forwarded to the Fiscal Services Office.
  
- 7) The Fiscal Services Office will account for the items donated to the DATC programs through the student organizations in the Plant Fund if the value is in excess of \$1,000.

# **Davis Applied Technology College: A Utah College of Applied Technology Campus Donations Accounting**

## **Processing Proceeds from Fund Raising Activities**

**38-10-03**

**Effective Date: 01 March 1996**

Administrative Council Approval: 21 February 1996

Board Approval: 27 February 1996

### **Purpose/Background**

To outline steps for processing the deposit of proceeds from fund raising activities, including tuition, fees, and charges for services.

### **Definition**

For purposes of this policy, fund raising activities shall be defined as those activities where a donor is provided some item, activity, or service in exchange for a donation. Fund raising activities are open to the general public, and donations are normally small amounts of \$100 or less per donor.

### **Procedures**

- 1) All fund raising activities must be done in compliance with federal and state laws including, but not limited to Title 76, Chapter 10, Part 11 of Utah Code Annotated, 1953, regarding Gambling.
- 2) Fund raising activities should be promoted communicating both the tax deductible and non-deductible portion of donations in all solicitations, in accordance with federal and state laws and regulations including, but not limited to, IRS Revenue Ruling 67-246. Under federal law, a charitable contribution deduction must be reduced by the fair market value of any benefit received. In situations where only insubstantial benefits are provided by the institution, the IRS suggests that the following disclosure statement be provided in any solicitation materials: "Under Internal Revenue Service guidelines, the estimated value of the benefits received is not substantial; therefore, the full amount of your payment is a deductible contribution."
- 3) For fund raising activities where a portion of the funds is deemed to be tax deductible to the donor, the procedure for cash or non-cash donations should be followed rather than the procedures for fund raising activities which follow, with the exception noted here. No Donation Receipt form will be provided to donors who contribute \$100 or less for a single activity. Cash receipt documentation, other than the Donations Receipt Form, may, however, be provided to the donor. These donations for which no Donor Receipt Form is issued may be aggregated by activity on to a single Donation Receipt form for processing.
- 4) Accounting is set up for fund raising activities with the Assistant Accountant in the appropriate accounting fund.
- 5) Money is collected following regular DATC collection policies and procedures.
- 6) Collections will be submitted to the Head Cashier by the end of the next business day following receipt for deposit in the proper accounts.
- 7) Expenditures related to the fund raising activities will be charged against the proceeds following appropriate DATC policies and procedures using the proper accounts. Assistant Accountant approval is required on all expenditures.
- 8) The organization sponsoring the fund raising event will designate the use of net funds raised, if desired. If restrictions are set by the Foundation Board or the DATC Board, the Fiscal Services Office will receive

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**Processing Proceeds from Fund Raising Activities 38-10-03**

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minutes of the meeting during which the determination was made. The Fiscal Services Office will account for and track any restrictions placed upon the proceeds.



# Davis Applied Technology College: A Utah College of Applied Technology Campus

## NON-CASH DONATION VALUATION

The following asset has been acquired through donation. The purpose of this form is to document a good faith fair market value of the item for accounting purposes. It is required that programs/departments make valuation estimates using this form for all donated items received. Please direct questions regarding these estimates to the Director of Finance.

1. DONOR'S Name, Address, & Contact Person	
2. Donated Item	
3. Manufacturer	
4. Make or Model	
5. Serial or Vehicle Identification Number	
6. List Accessories or Enhancements to Item	
7. Current Condition of Asset	
8. Miles or Hours Used	
9. Donor's Estimate of Current Market Value \$	
Intended Disposition of Donated Item	
<input type="checkbox"/> Donate to DATC <input type="checkbox"/> Keep by Student Organization <input type="checkbox"/> Other <input type="checkbox"/> Sell <input type="checkbox"/> Use as Promotional Gift or Prize	
If value less than \$1000, check here <input type="checkbox"/> Estimated Value if under \$1,000	
If value of an item is greater than \$1,000 but less than \$5,000 fill out information for two comparisons	
<b>COMPARABLE ONE</b>	<b>Source</b>
Item	
Cost or Value \$Date of Sale	
Notes	
<b>COMPARABLE TWO</b>	<b>Source</b>
Item	
Cost or Value \$Date of Sale	
Notes	
<b>If value is greater than \$5,000 attach written estimate</b>	
<b>FINAL ESTIMATE OF FAIR MARKET VALUE OF THE DONATED ITEM</b> Value \$	
(Either average of two comparisons or written estimate.)	
PROGRAM/DEPARTMENT SIGNATURE	DATE
PROGRAM/DEPARTMENT NAME	