

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM – 45.10

Policy Name: Non-Cash Gifts

General Policy and Procedure Overview:

The University of Missouri receives gifts in many forms from many different groups of individuals and organizations. This policy provides guidance regarding recording and processing Non-Cash Gifts.

Definition of Key Terms:

Authorization to Record Gifts – Advice of Gift Form, UM Form 9, should be completed by the receiving Department authorizing the preliminary acceptance of the gift. The authorization is a result of an analysis of risk related to this possible acceptance of the gift.

Deferred Gifts: A future commitment that may minimize the donor’s income and estate taxes. Deferred gifts, whether revocable or irrevocable, include: trusts, gift annuities, pooled income funds, charitable remainder trusts, retained life estates, life insurance, life income gifts, and bequests. Revocable deferred gifts are not recorded in the General Ledger until the assets are received. Irrevocable deferred gifts, such as charitable gift annuities, pooled income funds, charitable remainder trusts administered by the University, and retained life estates are recorded in the General Ledger as assets.

Fractional/Partial Interest Gifts: Fractional/Partial interest gifts will be processed according to Internal Revenue Code regulations and in accordance with Governmental Accounting Standards.

Gift : A voluntary transfer of funds, property or other items of value by a person or organization to the University of Missouri without receiving, or expecting to receive, anything of equal value, with the following exceptions:

- Gifts made payable to affiliated organizations and foundations. (Until such time as the organization or foundation transmits the funds to the University, the donation is not considered as having been received by the University for financial reporting purposes.)
- Grants, i.e. Grants from State and Federal Agencies and Private grants
- Endowment earnings
- Student activity fees or other monies from sales and services even though such money may be intended for a development project
- Gifts to agency funds administered by the University

Gift Pledge: A commitment to remit a gift to the University in the future. The commitment period could be monthly or annually, and can span multiple years based on the donor stipulation. Pledge reporting in the University financial system is governed by Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions (GASB 33). See APM 1.3.4 – GASB

Intellectual property: patents, copyrights, trademarks, trade names, trade secrets, know-how, software, or other similar property or applications or registrations of such property.

Non-Cash Gift: intangibles, securities, services, personal property, collectibles, real estate, materials, long-lived assets. Note: Contributions of services are recognized, for accounting purposes only, if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Personal Property: generally anything other than real estate that is considered to have personal ownership.

Tangible Personal Property: any property, other than land or buildings that can be seen or touched. It includes furniture, books, jewelry, paintings and cars.

Detail Policy and Procedure:

Summary Overview of the Authorization to Record Gifts

- Non-cash gifts valued less than \$5,000. are excluded from the risk review process, as these are items donated for charitable fundraising events and disposable items used for operational or advancement activities.

As described above, an Advice of Gift Received form is prepared by the appropriate receiving Department authorizing the preliminary acceptance of the gift.

- If the gift is received at or close to fiscal year end, a preliminary valuation is made of the gift. The Development Office should obtain a preliminary valuation from the donor until an independent valuation may be obtained, at which time the preliminary estimate should be adjusted to agree with the appraisal.
- The Development Office records the gift in Advance and the transactions are fed nightly to the General Ledger in the form of a journal transaction feed. The day's transactions are balanced and reviewed as discussed in more detail under the section Receipt of Cash Gifts from Non-Employees in APM 45.05 - Processing Cash Gifts.
- In addition to recording the gift, Development Office acknowledges the gift and sends an official receipt to donor as required by IRS regulations.
- If the value of the gift (excluding marketable securities) was greater than \$5,000 and the University sells the item/s within a three-year period, the receiving Department has the responsibility of notifying the Development Office, who will work with the Controller's Office to prepare IRS Form 8282 - Donee Information Return.

Receipt of Non-Cash Gifts – Marketable Securities

Gift received in the form of securities include stocks, bonds and mutual funds. The process for recording these gifts is as follows:

- The Office of the Treasurer (Treasurer's Office) accepts security gift.

- The Treasurer’s Office values any gift of securities as of the date the gift is irrevocably in the hands of the University. The value is determined by taking the number of shares received times the average of the high and low price on the appropriate exchange on that date or the net asset value for mutual funds.
- The Treasurer’s Office processes the security by completing the Advice of Gift Received form, UM Form 9, and prepares a journal entry or (CRR) as appropriate to record the receipt in the appropriate securities account. The journal entry created is as follows:

Account #	Account Description	\$\$\$	\$\$\$
DR12xxxx	Investments	XXXX.XX	
CR48xxxx	Gifts		XXXX.XX

- The completed UM Form 9 is forwarded to the appropriate campus Development Office.
- Development Office records the gift in Advance based on the information provided in the UM Form 9. These gifts do not automatically feed into PeopleSoft Finance System, but are appropriately recorded by Journal Entry or CRR (see Step 2 above).

Receipt of Non-Cash Gifts – Real Estate

- When a gift of Real Estate is received, the receiving Department obtains specific information about the property from the appropriate offices (Business Services, Administrative Services, and General Counsel’s Office). These departments assist in the process of authorizing the acceptance of the gift (refer to Business Policy Manual, Section 409).
- Vice Chancellor responsible for real estate works with Development fund-raising staff to alert the donor that an appraisal is needed. The donor will be asked by Development to arrange and provide an appraisal of the property at the time the offer of the gift is made. The value will not be determined or entered into the General Ledger until it has been accepted by the University and the value will then be determined as of the date of the transfer. The Vice Chancellor responsible for real estate will notify Development in writing of the acceptance by the University of gifts of real estate.
- Development Office records gift in Advance to feed to the General Ledger in the appropriate capital Accounts at the appraised value.
- The Development Office forwards a copy of the real estate gift to the Campus Accounting Office. The Campus Accounting Office ensures that the asset is recorded in the Asset Management system.

Receipt of Non-Cash Gifts - Vehicle Donations

When a gift of a vehicle (including boats and airplanes) is offered to the campus, the first individual notified of donor intent obtains specific information about the vehicle (make, model, year, mileage, condition, and existence of signed clear title). Upon authorization of acceptance from Procurement Services, the initiating party and Procurement Services work with the donor to arrange for delivery of the vehicle to the campus and transfer of a signed clear title to the University. The individual first alerted notifies the Development Office by completing the Advice of Gift Received form, UM Form 9. The Development Office records the gift in Advance and the transaction is fed to PeopleSoft with notification to the Accounting Office when applicable.

The donor will establish the fair market value of the vehicle on the date of the contribution. The fair market

value cannot exceed the private party sales price listed in a used vehicle pricing guide for the same make, model, year, mileage and condition of the vehicle.

Note: This policy applies to gifts of qualified vehicles as determined by IRS regulations. Qualified vehicles include motor vehicles manufactured primarily for use on public streets (automobile, truck, motorcycle, recreational vehicle), and boats and aircraft.

- After the vehicle is delivered to the campus, Procurement Services will decide whether the campus will use the vehicle in the course of its operations or auction the vehicle.
 - The amount that a donor may deduct for a vehicle contribution generally depends upon whether the University intends to auction the vehicle or put it into service.
 - If the University sells the vehicle, the charitable deduction is generally the lesser of the vehicle's fair market value on the date of the contribution or the gross sales proceeds received by the University. If the gross sales proceeds are \$500 or less, the donor's deduction is equal to the lesser of the fair market value of the vehicle or \$500.
 - If the University intends to use the vehicle, make major repairs to the vehicle, give or sell the vehicle to a needy individual at a price significantly below fair market value, or if the donor's claimed deduction is \$500 or less, the donor may be eligible to deduct the vehicle's fair market value on the date of the contribution.
- If the vehicle's fair market value is \$250 or more, the University must provide a written acknowledgement of the donation to the donor.
 - If the donor intends to claim a charitable contribution deduction of more than \$500, the Procurement Services should provide the Controller's Office the information needed to furnish an IRS Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, to the donor. The donor must receive the acknowledgement from the University within 30 days of the vehicle's sale or within 30 days of the donation depending upon whether the University intends to sell the vehicle without making material alterations prior to the sale or use of the vehicle.
 - If the donor intends to claim a charitable contribution deduction in excess of \$5,000 and the deduction is not limited to the gross sales proceeds from the sale of the vehicle, the donor must obtain a written appraisal from a qualified appraiser. If the University sells or disposes of the vehicle within three years after the donation, Procurement Services must notify the Development Office. The Development Office will work with the Controller's Office to prepare IRS Form 8282 –Information Return.
- The Development Office records the gift in Advance to feed to the General Ledger.
 - If the fair market value of the gift is \$5,000 or more, Advance will feed the transaction to the appropriate capital expense account in the General Ledger.
 - The Development Office will forward a copy of UM Form 9 prepared for the vehicle donation to the Campus Accounting Office.
 - The Campus Accounting Office will record the asset in the Asset Management System if appropriate.

Receipt of Non-Cash Gifts – Other

- When a non-cash gift other than securities, vehicle or real estate is received, the Development Office obtains as much information about the gift as possible from the donor (e.g., are they planning to use the gift as a charitable contribution, do they have documentation of value, etc.)

- The department or college receiving the gift will determine whether the gift can and will be used.
- Valuation of the Gift:
 - The University will not provide appraisals.
 - For gifts valued at \$5,000 or less, the value is recorded at the amount provided by the donor.
 - For gifts valued greater than \$5,000 for which there is a not readily available market value (i.e. commercial goods or services with standard pricing), an independent appraisal is required by the donor. An independent appraisal is not required if the valuation can be documented with readily available market value information for standard pricing of commercial goods and services such as itemized receipt, detailed billing statement, etc.
 - Development Offices will furnish IRS form 8283 – Noncash Charitable Contribution if requested by the donor.
- If the requirements for revenue recognition as defined by GASB 33 have been met, the Development Office will flag the gift in Advance to feed to the General Ledger.
- The party originally contacted by the donor coordinates the arrangements for the delivery of the gift to an agreed location and notifies the Development Office of the location.
- The Campus Accounting Office will record the asset in the Asset Management System if appropriate.

Responsibilities:

Development Office:

- Ensures the authorization to receive gift is completed and reviewed before formal acceptance of a gift.
- Maintains the advance system as a record of gift receipts.
- Furnishes donor with acknowledgement of gift and appropriate IRS notices.
- Balances the subsidiary gift ledger, Advance and ensures the accuracy of detailed information.
- Balances the feed of information from the Advance system to the PeopleSoft system.

Campus Accounting Office

- Where appropriate, maintains the Asset Management System to reflect the gift.

Treasurer's Office

- Accepts and processes securities gifts.

Effective Date: June 30, 2005

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Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.