

GEORGETOWN UNIVERSITY



FINANCIAL AFFAIRS MANUAL

Issuing Department General Accounting Office	Topic: Gift Processing	Policy # FA 117-10	
New	Revised: December 2010	Supersedes Policy #	Effective Date: May 1, 2003

**100.01 Policy: Gift Processing**

**100.02 Statement:** This policy outlines guidelines for processing gifts/contributions that are received by a department.

**100.03 Applicability:** This policy applies to all employees accepting donations on behalf of Georgetown University, including deans, department heads, staff, faculty members, or development officers.

**100.04 Definitions:** The Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) defines a *contribution* as an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner. Those characteristics distinguish contributions from *exchange transactions*, which are reciprocal transfers in which each party receives and sacrifices approximately equal value.

*Restricted contributions* may be defined as transfer of cash or other assets either for a specific purpose or for use within a definite time or completion of a project. The donor may require the University to use only the interest from the invested principal of the contribution.

*Gift Acceptance Policy* is an OA (Office of Advancement)-developed policy statement. It is used specifically as a guideline by the Planned Giving department which is responsible for accepting non-cash gifts (real estate, art, books, and other assets).

**100.05 Purpose:** The purpose of the gift processing policy is to ensure that departments are depositing and recording donor contributions in a timely fashion and within the period contributions are received as well as ensuring that the University is spending the donated funds for purposes intended by the donor.

**100.06 Examples:** Examples of gifts are cash, stock, works of art, real estate, or any other asset.

**100.07 Administration and Implementation:** The procedures for handling gifts and the type of documentation required for proper accounting and acknowledgement are discussed below. By adhering to these procedures, the University can be sure of honoring the donor's intent and restrictions, complying with tax regulations, properly

acknowledging the donor's gift, and timely processing and accounting for the gift by both OA and GAO (General Accounting Office) in accordance with US Generally Accepted Accounting Principles (GAAP) for external financial statement reporting purposes.

### **The Gift Package: Documentation Needed to Process Gifts**

The departmental administrator may need to work with the development officer to complete the gift package. To enable the University to account properly for a gift, the departmental administrator needs to compile the following documentation when completing a gift package.

- A. Completed Gift Transmittal Form (form completed with OA's assistance).
- B. The gift (cash, check, pledge, stock certificate, or other asset).
- C. The envelope in which the gift came.
- D. Any documentation from the donor. This includes a letter, gift agreement, matching gift information, gift purpose (which includes any restrictions), the department, and cost center receiving the gift, and any other information from the donor.
- E. An e-mail summarizing the verbal conversation with the donor, if appropriate.
- F. For gifts for a Sponsored Program, the account and a copy of the SPAN (Sponsored Program Action Notice) must be provided.

The gift package must provide all details for the designation of the gift and any restrictions requested by the donor. OA performs a thorough review of all gift packages which include checking for correct donor name, allocation, effective date, gift type, campaign, and amount. This review is done by the person entering the gift in the GAMBIT system and then reviewed by another OA staff member. Lacking written donor instruction or written communication from the recipient, OA will make an attempt to contact the donor. If that is unsuccessful, the gift is directed to the "Georgetown Fund" which is unrestricted. OA will determine the period in which the gift is recorded by the dates noted on the supporting documents and when the agreement is signed and executed by the donor (unless there are circumstances preventing the timeliness of processing the gift). OA will also prepare any initial present value calculations, when appropriate, prior to recording the gift.

In addition to the documentation above, the department will need to complete a cost center maintenance form if a new cost center needs to be established and forward to General Accounting for set up. See the Cost Center Maintenance Form Policy and instructions, <http://financialaffairs.georgetown.edu/forms/forms.html>. If the cost center number requested by the department already exists in the system, the department will be notified of an alternate cost center number.

The Department should assign cost centers according to the following definitions:

**Endowment Principal, centers should begin with the letter "E"**- this center will be used to record gifts given to establish an endowment. The gifts may be in the form of cash, securities, or other assets. The principal amount of the gift, also known as *corpus*, is to be set aside for the purpose of generating current and future income. The donor may permanently restrict, temporarily restrict, or not restrict the use of the

assets. This gift revenue will be recorded in the non-operating section of the financial statements.

**Endowment Income, centers should begin with the letter “R”** – this center will be used to record income distribution earned on the principal of the endowment. The income distribution revenue will appear in the operating section of the financial statements.

**Plant/Construction Gifts, centers should begin with the letters “PR”** – this center will be used to record restricted funds donated to the construction of long lived assets. This gift revenue will be recorded in the non-operating section of the financial statements.

**Operating Gifts from external sources to support a program or research, centers should begin with the letters “RT, RC, RW”** – these centers will be used to record a) operating gifts with donor restrictions or b) unrestricted operating gifts of \$5,000 or more from an external source to support a program. This gift revenue will be recorded in the operating section of the financial statements. See fund center descriptions for further clarification on what types of gifts would be recorded in the various centers <http://financialaffairs.georgetown.edu/coa/fundc.html>.

For all cost center types listed above, a gift agreement must accompany the cost center maintenance request form, which is used to set up a new cost center. If no gift agreement is available, other documentation (i.e. email communication between department and donor, solicitation letter or gift acknowledgement letter from OA will be sufficient). The General Accounting Office (GAO) will review the gift agreement or other supporting documentation to ensure that the cost center is set up with the proper net asset classification codes (UR-unrestricted, TR-Temporarily Restricted, PR-Permanently Restricted) in accordance with the donor’s wishes. See Net Asset Classification Policy for additional information on this process <http://financialaffairs.georgetown.edu/control/netasset.doc>.

**IMPORTANT NOTE:** Gifts from external sources that are unrestricted and less than \$5,000 may be recorded in a GD or GX fund using the appropriate gift account codes as designated in GAMBIT. These cost centers are designated by Campus CFOs for unrestricted University funds from both external and internal sources set aside for specific programs and initiatives.

### **Delivery of the Gift Package**

OA/Gift Processing is the single entry point from which gift information is distributed throughout the University. Therefore, all employees should send all gifts to OA/Gift Processing. Place the gift package in an interoffice envelope and drop off the package at one of the three OA courier pick-up locations:

- A. The President’s Office in Healy Hall
- B. Check Distribution, 3<sup>rd</sup> Floor of the Car Barn.
- C. Medical Center Development Office at 3300 Whitehaven Road

Pick-up occurs at approximately 1p.m. Monday through Friday. These locations have daily courier service to Gift Processing in OA. The courier service provides for the expedited and secured delivery of gifts.

Donors are encouraged to mail the gift package to the University's lockbox at following location:

Georgetown University  
Department 0734  
Washington, DC 20073-0734

### **Special Consideration**

This policy is based on the assumption that the gifts are made in the form of cash, such as checks or credit card charges, without serious restrictions. Before accepting significant non-cash gifts such as real estate, personal property, art, manuscripts, or highly restrictive gifts, please contact OA. The Gift Acceptance Committee will review non-cash and highly restricted gifts to ensure such gifts are in accordance with the Gift Acceptance Policy and University Guidelines.

### **100.08 RESPONSIBILITIES:**

- A. Employee receiving gift
  - Assembles the gift package and the gift transmittal form
  - Sends the gift package to OA's Gift Processing
  - Sends cost center maintenance request to GAO along with a copy of the signed gift agreement if new center is to be established
  - Sends an acknowledgement to the donor thanking the donor for the gift
  
- B. Gift Processing/OA
  - Deposits the gift within 24 hours of receipt
  - Records the gift in GAMBIT within three business days after depositing the gift
  - Forwards gift information to GAO that will be processed through the nightly feed to Peoplesoft and other gift information as requested for review
  - Sends the donor a confirmation of the gift within two business days of recording the gift
  
- C. GAO
  - Ensures that the system interface between Peoplesoft and GAMBIT (also known as Millenium) has fed the gift information accurately and has placed the gift in the correct cost center
  - Reviews all gift agreements and cost center maintenance requests to ensure that gifts are classified on the financial statements correctly and according to the donor's wishes
  - Performs quarterly GAMBIT to Peoplesoft reconciliations to ensure gift revenue is properly included or excluded in the general ledger depending on the type of gift (i.e. pledge, statement of intent, etc.)

**100.09 ENFORCEMENT:**

- A. If the employee does not send the gift package to OA's Gift Processing to be processed promptly, the donor may not make additional gifts or be able to take the desired tax deductions.
- B. If gifts are not processed by OA in a timely manner, the University's financial position will not be accurate.
- C. If the employee does not consult the Gift Acceptance Policy and University Guidelines before accepting a gift, the University may have gifts for which the University has difficulty in determining the value or in disposing of the property.

**100.10 RESOURCES:**

Gift Transmittal Form (can be obtained from OA)

Gift Acceptance Policy and University Guidelines for Accepting Gifts is available through OA. Call 202-687-3697 for information.

Cost Center Maintenance Form and instructions,

<http://financialaffairs.georgetown.edu/forms/forms.html>

Endowment Policy, <http://financialaffairs.georgetown.edu/control/endowact.pdf>

Net Asset Classification and Release Policy,

<http://financialaffairs.georgetown.edu/control/netasset.doc>

**100.11 APPROVAL:** Director, General Accounting and Director, Gift Processing

**100.12: REVIEW CYCLE:** At least annually