

Gifts and Donations

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PURPOSE

This document provides policy guidance to facilitate the acceptance, processing and disposition of gifts and donations (gifts) given to the County and supersedes all previously issued guidance. It is intended to assist both management and staff involved in financial activities, in carrying out their fiduciary responsibilities as custodians of public funds.

POLICY STATEMENT

All departments that accept, process or dispose of gifts are required to abide by the following:

- The gift must be beneficial, appropriate and in the best interest of the County.
- Funds that are donated for a specific purpose must be used for that stated purpose.
- Purchases made with gift fund monies must be made in compliance with the County's purchasing guidelines.
- Prior approval must be obtained from the Department of Management and Budget to accept any gift, and/or to purchase with gift fund monies any asset that will require an ongoing expenditure such as maintenance, replacement or operating costs.
- Gifts must not be used for personnel service expenditures.
- Departments must file an *Annual Gift Fund Accountability Report* (DOF 40050-B) for each gift fund.
- Departments must follow the detailed procedures outlined in this document.

All accepted gifts, restricted or unrestricted, including monetary gifts that are accepted by the County are deemed to be public property/funds and as such, are subject to the laws and regulations pertaining to the use of public property/funds.

GENERAL INFORMATION

From time to time, the County is approached by individuals, corporations, and other organizations desiring to make a gift. Such gifts may be in the form of money, other negotiable instruments, or property. Donors may place restriction on how their gifts may be used or leave it to the discretion of the County. However, Departments should not accept gifts with restrictions that violate County policies and regulations.

Gifts to the County that meet the criteria of the Internal Revenue Code (IRC) Section 170(c)(1) may provide a donor with favorable tax treatments. The value of a gift may be deductible from the donor's federal adjusted gross income pursuant to IRC Section 170(c)(1). The County does not provide advice concerning any potential tax benefits that may accrue to the donor. It is the responsibility of the donor to consult with their own tax advisor regarding the tax implications of their gift.

Questions often arise regarding the applicability of IRC Section 501(c)(3) to gifts given to the County. This section of the Internal Revenue Code pertains to “charitable organizations” and therefore does not apply to the County.

Donors are advised to secure an independent appraisal of the value of gift for tax purposes, as the County does not provide an appraisal nor participate in the valuation of the gift. The recipient department should send a letter of acknowledgement to the donor to confirm the acceptance or rejection of the gift.

DEFINITIONS

Fair Market Value (FMV) - The price (cash or equivalent) that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the asset were for sale on the open market for a reasonable period of time, both buyer and seller being in possession of all pertinent facts, and neither being under any compulsion to act.

Monetary Gifts - Gifts received in cash, stocks, bonds, and other negotiable instruments.

Personnel Services – A category of compensation, which primarily covers salaries, overtime, and shift differential paid to County employees including fringe benefits.

Restricted Gifts - Funds or property given to the County for a specific use as identified by the donor. Under these conditions, the County is bound to honor the donor’s request if the gift is accepted. For example, if an individual makes a cash gift for the purpose of enhancing or maintaining a particular park or for use by one specific department, the donated funds must be spent only for the specific purpose. The nature of this restriction must be recorded and controls established to ensure compliance with the donor's intent.

Tangible Property - Any property other than land or buildings, such as equipment of any value.

Unrestricted Gifts - Funds or property given to the County without identified specific use. Under these conditions, gift funds may be used for the general improvement of the department or its programs, with the exception of personnel service expenditures. The donor may designate a specific department or function as recipient of the gift; however, the specific use of the funds is left to the discretion of the County Executive or a department head, as appropriate.

RESPONSIBILITIES

Departments that receive gifts have the primary responsibility for evaluating the acceptability of the gifts and for ensuring that the gifts are processed appropriately and used or expended in accordance with the donor’s intent.

All gifts, restricted or unrestricted, including monetary gifts that are accepted by the County are deemed to be public property/funds and as such, are subject to laws and regulations pertaining to the use of public property/funds. Department directors are responsible for ensuring conformance to those laws and regulations that generally pertain to the use of public funds and/or property.

For a detailed outline of responsibilities, please refer to **APPENDIX A**.

INTERNAL CONTROLS

Department management and staff are responsible for maintaining proper internal controls over the acceptance of gifts, the recording of the gifts received and the expenditure of the gift funds.

To ensure the proper handling of these transactions, the following internal controls must be in place and adhered to:

- Maintain segregation of duties for the receipt and recording of gifts.
- Obtain written approval from the department director or an authorized individual for all gift fund expenditures.
- Perform monthly reconciliations in accordance with DFN-020-5, *Reconciliation of Financial Transactions for Agencies*.
- Maintain appropriate and sufficient documentation substantiating compliance to donor's intent (e.g., purpose and timeline) and provide adequate audit trails.
- Refrain from commingling gift fund monies, restricted or unrestricted, with other funding sources such as privately funded grants.

PROCEDURES

A detailed step-by-step procedure is provided in **APPENDIX B**.

OTHER RELATED INFORMATION

Policy and Procedure References:

- ATB 10040, *Guidelines for Financial and Accounting Records Retention* at <http://infoweb/finance/polpro.htm>
- ATB 40070, *Processing Monetary Receipts* at <http://infoweb/finance/polpro.htm>
- DFN-020-5, *Reconciliation of Financial Transactions for Agencies* at <http://infoweb/finance/polpro.htm>
- Procedural Memorandum 12-03, *Accountability of Fairfax County's Accountable Equipment* at <http://infoweb/dgs/psma/guides/12-03.pdf>
- Procedural Memorandum 12-13, *Disposal of Vehicles and Related Equipment* at <http://infoweb/dgs/psma/guides/12-13.pdf>
- *Fairfax County Purchasing Resolution* at <http://infoweb/dgs/psma/guides/purchres.pdf>
- *Year-End Closing Procedures*, issued annually by the Department of Finance

Related Forms:

- *Gift Fund Application Form* (DOF 40050-A) at <http://infoweb/finance/forms.htm>
- *Annual Gift Fund Accountability Report* (DOF 40050-B) at <http://infoweb/finance/forms.htm>
- *Inventory Maintenance Form* (DPSM IMR01) at <http://infoweb/dgs/psma/forms/Inventory2.doc>

REVISION CONTROL

ATB 40050, *Gifts and Donations*, issued April 2006 supersedes all previously issued guidance including:

- DFN 40050.01, *Gifts and Donations*, issued March 2006
- DFN 001-04, *General Guidelines for Accepting Gifts and Donations*, issued July 16, 2002
- ATB 004, *Gifts and Donations*, issued January 1996

OUTLINE OF RESPONSIBILITIES

Departments that receive gifts have primary responsibility for evaluating the acceptability of gifts and for ensuring that the gifts are processed correctly and used in accordance with the donors' intent. Departments that receive gifts must coordinate with the Department of Finance (DOF), Department of Management & Budget (DMB), Department of Purchasing & Supply Management (DPSM) and the Department of Public Works & Environmental Services (DPWES), as applicable, to ensure that all gifts are properly accounted for and used.

RECEIVING DEPARTMENT RESPONSIBILITIES

1. Comply with the requirements as stated in this policy document and ensure that the detailed procedures are observed. This also applies to all policies and procedures related to the procurement of goods and services, the acceptance and disposition of capital assets, the processing of monetary receipts, the reconciliation of funds, and the retention of records.
2. Use prudent judgment in evaluating the acceptability of gifts to ensure they are beneficial, appropriate, and in the best interest of the County.
3. Coordinate with the appropriate department to obtain the fair market value (FMV) of the donated property. The definition of FMV can be found on page 2.
4. Obtain the required approvals before accepting gifts.
5. Maintain separate gift fund accounts for restricted and unrestricted gifts.
6. Ensure gift fund monies are not commingled with other funding sources such as private grants.
7. Consult with DOF prior to accepting any donations of stock, bonds or other investment instruments.
8. Submit all required forms and reports to DOF as outlined in **APPENDIX B**.
9. Maintain a separate gift fund file in accordance with ATB 10040, *Guidelines for Financial and Accounting Records Retention*.
10. Notify DOF of any changes to personnel authorized to disburse gift fund monies by completing the appropriate section of the *Gift Fund Application Form* (DOF 40050-A).

OUTLINE OF RESPONSIBILITIES

DEPARTMENT OF FINANCE RESPONSIBILITIES**Financial Reporting Division**

1. Develop, review, and update policy guidance on gifts.
2. Provide assistance to County departments in fiscal management of gifts.
3. Process gift fund allocation requests and notify the requesting departments upon completion.
4. Monitor financial activities of the gift fund.
5. Ensure that gifts of capital assets are properly recorded.
6. Allocate and post interest income and bank charges monthly to each department's gift fund.
7. Provide customized financial reports to departments upon request.
8. Review *Annual Gift Fund Accountability Reports* (DOF 40050-B) submitted by departments.
9. Coordinate random audits of gift funds with the Office of Internal Audit.
10. Compile and provide a quarterly gift fund receipts report to the County Executive and the Chief Financial Officer.

DEPARTMENT OF MANAGEMENT AND BUDGET RESPONSIBILITIES

1. Process the *Gift Fund Application Form* (DOF 40050-A) and take action as necessary. This may include establishing a gift fund via the creation of a new index/project number and/or authorizing the acceptance of a monetary donation.
2. Review and authorize the purchase of any asset that will require an ongoing annual expenditure and an annual budget review.
3. Coordinate the annual gift fund carryover process.

OUTLINE OF RESPONSIBILITIES

DEPARTMENT OF PURCHASING & SUPPLY MANAGEMENT RESPONSIBILITIES

1. Provide policy guidance on the County's procurement process, including the requirements for accepting and disposing of tangible property other than land or buildings.
2. Process the *Gift Fund Application Form* (DOF 40050-A) and take action related to gifts of tangible assets. Such actions may include the review and evaluation of the request, the notification to the receiving department of the decision to accept or reject the donation, and the conveyance to the receiving department of a property identification label ("bar code" label) for each tangible asset with a value of \$5,000 per item or more accepted by the County.

**DEPARTMENT OF PUBLIC WORKS & ENVIRONMENTAL SERVICES
RESPONSIBILITIES**

1. Provide policy guidance on the acquisition of land or buildings.
2. Process the *Gift Fund Application Form* (DOF 40050-A) and take action as necessary. This may include the review and evaluation of the request to determine if a gift of land or building is beneficial to and in the best interest of the county, and the notification to the receiving department of the decision to accept or reject the donation. This evaluation should be coordinated with the appropriate department(s).

DETAILED PROCEDURES

PROCEDURES FOR ACCEPTING

1. Approval

- a. Evaluate the impact of the gift on the County and decide if it is in the best interest of the County to accept the gift.
- b. Determine the fair market value of the gift (e.g., equipment, land or building) by consulting with the appropriate department(s) as follows:
 - i. Tangible property – consult with DPSM
 - ii. Land and Buildings – consult with DPWES and the Department of Tax Administration (DTA)
- c. Complete the *Gift Fund Application Form* (DOF 40050-A) and submit it for approval as follows:

APPROVAL REQUIREMENTS FOR ACCEPTING GIFTS

Gift Type	Receiving Department Director	DMB Reports Control Team	DPSM Director	DPWES Land Acquisition Division
Cash less than \$5,000 – new or existing gift fund	X ^{1/}	X ^{2/}		
Cash \$5,000 or more – new or existing gift fund		X		
Tangible property less than \$5,000 per item	X	X ^{2/}		
Tangible property \$5,000 or more per item ^{3/}			X	
Land or Building (any value)				X

^{1/} For an existing Gift Fund, there is no need to complete the *Gift Fund Application Form* (DOF 40050-A) unless the gift obligates the County for future expenditures.

^{2/} Obtain DMB approval for gifts that would obligate the County for future expenditures.

^{3/} Complete and attach the *Inventory Maintenance Report* (DPSM IRM01) for donated tangible property valued at \$5,000 or more per item. This form is available at <http://infoweb/dgs/psma/forms/Inventory2.doc>.

DETAILED PROCEDURES

2. Recording

- a. Deposit monetary gifts and record them in the County’s financial system in accordance with ATB No. 40070, *Processing Monetary Receipts*.
- b. Affix the “bar code” label provided by DPSM for tangible property (e.g., equipment) with a value of \$5,000 or more per item.

3. Notification

Notify DOF of accepted gifts (except for monetary gifts less than \$5,000 to an existing Gift Fund) by forwarding a copy of the approved *Gift Fund Application Form* (DOF 40050-A).

4. Acknowledgement

Send an acknowledgement letter to the donor. For non-acceptable donations, include the reason(s) for non-acceptance.

The gift fund acceptance process is summarized below:

GIFT FUND ACCEPTANCE SUMMARY

Gift Type	Approval	Deposit & Record in FAMIS	Affix Bar Code	Notify DOF of accepted gifts	Send gift acknowledgement to donor
Cash less than \$5,000 - existing gift fund	Receiving Department ^{1/}	X			X
Cash less than \$5,000 - new gift fund	Receiving Department ^{2/}	X		X	X
Cash \$5,000 or more - existing or new gift fund	DMB	X		X	X
Tangible property less than \$5,000 per item	Receiving Department ^{1/}			X	X
Tangible property \$5,000 or more per item	DPSM		X	X	X
Land or Building (any value)	DPWES			X	X

^{1/} DMB approval required for gifts that would obligate the County for future expenditures.

^{2/} Forward application form to DMB to establish a new gift fund account.

DETAILED PROCEDURES

PROCEDURES FOR DISBURSING

1. Obtain DMB authorization for the purchase of any asset that will require an ongoing annual expenditure and an annual budget review.
2. Request a gift fund allocation by sending a signed memorandum from the department director or the authorized designee to the Financial Reporting Division, DOF. The request must include the following information:
 - Amount of the planned purchase or service
 - Gift Fund Index code
 - Subobject code
 - Project number
 - Job number (if applicable)
 - Purpose of the purchase or services
 - Supporting documentation
3. Follow the County's established purchasing guidelines.

PROCEDURES FOR RECONCILING AND REPORTING

1. Perform monthly reconciliations in accordance with DFN-020-5, *Reconciliation of Financial Transactions for Agencies*.
2. Prepare and submit the *Annual Gift Fund Accountability Report* (DOF 40050-B).
The first annual reporting requirement is effective for fiscal year ending June 30, 2007 and every year thereafter.
 - a. Complete Part I, as follows:
 - i. List the top five revenue donors by name and purpose, and consolidate the remaining donations by major programs, functions or events.
 - ii. List expenditures by major programs, functions or events.
 - iii. Ensure that the available ending balance on the *Annual Gift Fund Accountability Report* (DOF 40050-B) is in agreement with the County's financial system.

DETAILED PROCEDURES

- b. Complete Part II and ensure it is signed by the department director.
- c. Submit the original signed report to the Financial Reporting Division, DOF by the date specified in the *Year-End Closing Procedures* issued annually by DOF, and maintain a copy for your records.

PROCEDURES FOR DISPOSING

1. Follow the guidelines outlined in the *Fairfax County Purchasing Resolution, Article 5* for tangible property, except for vehicles, valued at less than \$5,000 per item.
2. Follow the guidelines outlined in the Procedural Memorandum 12-03, *Accountability of Fairfax County's Accountable Equipment* for tangible property, except for vehicles, valued at \$5,000 or more per item.
3. Follow the guidelines outlined in the Procedural Memorandum 12-13, *Disposal of Vehicles and Related Equipment* for all vehicles.

FAIRFAX COUNTY, VIRGINIA
GIFT FUND APPLICATION FORM

New Gift Fund (Complete Part A)

Existing Gift Fund (Complete Parts A and B)

PART A: GENERAL INFORMATION (TO BE COMPLETED BY RECEIVING DEPARTMENT)

Cash: less than \$5,000 \$5,000 or more
Tangible Property (per item): less than \$5,000 \$5,000 or more
Land or Building: any value

Receiving Department: _____ Dept. Code: _____
Contact Person: _____ Tele #: _____
Donor Name: _____ Date of Receipt: _____
Donor Address: _____

Type of Donation: Restricted Unrestricted Amount or Fair Market Value: _____
Purpose and/or restrictions (attach any supporting documents from donor): _____

Description of tangible property, land or building (include parcel ID and address): _____

Authorized Person(s) to Request Allocations and Approve Disbursements:

Name: _____ Title: _____
Name: _____ Title: _____
Name: _____ Title: _____

Receiving Department Director/Designee Signature Date Director/Designee Name (please print)

PART B: EXISTING GIFT FUND INFORMATION (TO BE COMPLETED BY RECEIVING DEPARTMENT)

Name of Gift Fund: _____
Index Code: _____ Project Number: _____

PART C: APPROVAL (TO BE COMPLETED BY DMB, DPSM, OR DPWES)

_____ Approved DMB DPSM DPWES
_____ Disapproved Reason: _____

Name: _____ Title: _____
Signature: _____ Date: _____

PART D: ESTABLISHMENT OF NEW GIFT FUND (TO BE COMPLETED BY DMB)

Name of Gift Fund: _____
Index Code: _____ Project Number: _____
DMB Staff Name: _____ Date created: _____

DOF 40050-A

Print Form

INSTRUCTIONS FOR GIFT FUND APPLICATION

Check New or Existing Gift Fund

- **New Gift Fund:** The first time the department receives a donation or the donation is for a new purpose or is subject to a new restriction.
- **Existing Gift Fund:** Department already has a gift fund established in the County's financial system and the donation has same purpose.

Complete Parts A and B, as applicable

- Complete one application per donation type
- Check "Restricted" if the donation is for a specific purpose
- Check "Unrestricted" if the donation is for a general purpose
- Be specific when describing the purpose. Include any restrictions on use of the principal portion of the gift. Attach additional pages, as needed.



Routing Instructions

- Route completed application to the appropriate department for approval. For tangible property other than land or building valued at \$5,000 or more, attach an *Inventory Maintenance Report* (DPSM IMR01).

Gift Type Approval Routing	DMB Reports Control Team	DPSM Director	DPWES Land Acquisition Division
New gift fund - Cash less than \$5,000	X		
Existing gift fund - Cash less than \$5,000 that would obligate the County for future expenditures	X		
New or existing gift fund - Cash \$5,000 or more	X		
Tangible property less than \$5,000 (per item) that would obligate the County for future expenditures	X		
Tangible property \$5,000 or more (per item)		X	
Land or Building (any value)			X

- Return approved/disapproved application to the receiving department.
- The receiving department must forward a copy of the approved application to the Financial Reporting Division, Department of Finance.

**FAIRFAX COUNTY, VIRGINIA
ANNUAL GIFT FUND ACCOUNTABILITY REPORT**

GIFT FUND : _____ For Fiscal Year Ending: _____

PART I: REVENUE AND EXPENDITURE SUMMARY

Department: _____
 Index Code/Title: _____ Project No.: _____
 Purpose: _____

SUMMARY OF REVENUES & EXPENDITURES **AMOUNT**

BEGINNING BALANCE AS OF JULY 1, 20____ \$ -

REVENUES: *(List top five donors by name and purpose, and combine the remaining by programs, functions or events as applicable).*

	\$	-
		-
		-
		-
		-
		-
		-
		-
		-

Total Revenues before Interest -

Interest -

TOTAL REVENUES -

EXPENDITURES: *(List expenditures by major programs, functions or events).*

		-
		-
		-
		-
		-
		-
		-
		-

TOTAL EXPENDITURES \$ -

Ending Balance before Encumbrances as of JUNE 30, 20 ____ \$ -

Less: Encumbrances -

ENDING BALANCE AS OF JUNE 30, 20____ \$ -

FAIRFAX COUNTY, VIRGINIA
ANNUAL GIFT FUND ACCOUNTABILITY REPORT

GIFT FUND: _____ For Fiscal Year Ending: _____

PART II: GIFT FUND QUESTIONNAIRE

1. Were the total revenues and total expenditures reconciled to FAMIS?

Yes _____ No _____

If no, please explain: _____

2. Were all the expenditures in compliance with the gift fund's purpose and with laws and regulations pertaining to the use of public funds?

Yes _____ No _____

If no, please explain: _____

3. Is this function or program, as specified in this gift fund, funded by any other funding source(s), such as the General Fund or grants?

Yes _____ No _____

If yes, please identify the funding source(s): _____

4. Did you transfer any expenditure from/to this gift fund to/from other funds?

Yes _____ No _____

If yes, please explain: _____

5. Have you reviewed the department's internal controls with staff to ensure that effective and adequate internal controls are in place?

Yes _____ No _____

If no, please explain: _____

**FAIRFAX COUNTY, VIRGINIA
ANNUAL GIFT FUND ACCOUNTABILITY REPORT**

6. Gifts

During this fiscal year, did any entity that donated to or received payments from this gift fund furnish you, any member of your family, or any members of your staff with (i) any gift or entertainment at a single event, the value of which exceeded \$50, or (ii) gifts or entertainment in any combination, the value of which exceeded \$100 in total and for which you neither paid nor rendered services in exchange?

Yes _____ No _____

If yes, list the individual's name, the entity and the description and value of the item(s) received:

7. Organization affiliation

During this fiscal year, have you, any member of your immediate family, or any member of your staff served as an officer, a board member, an employee of or a consultant to any entity which donated to or received payments from this gift fund ?

Yes _____ No _____

If yes, list the name of the entity, the individual's name, and the position held: _____

8. Business Interests

During this fiscal year, have you, any member of your immediate family, or any member of your staff, separately or together, owned or controlled an interest in excess of \$10,000 in any entity that donated to or received payments from this gift fund?

Yes _____ No _____

If yes, list the individual's name and describe the nature of the relationship: _____

9. Payments for Representation and Other Services

During this fiscal year, did you, any member of your immediate family, any member of your staff, or persons with whom you have a close financial association (e.g., partners, associates or others) receive compensation in excess of \$1,000 for representing any entity that donated to or received payments from this gift fund?

Yes _____ No _____

If yes, list the individual's name, describe the nature of the representation and state the amount of compensation: _____

**FAIRFAX COUNTY, VIRGINIA
ANNUAL GIFT FUND ACCOUNTABILITY REPORT**

10. Other

In addition to the questions listed above, are you aware of any other transactions between any members of your department and any "insiders" - e.g. officers, directors, trustees, decision-making managers, major donors and members of the immediate family of the preceding - of any entity which donated to or received payments from this gift fund?

Yes _____ No _____

If yes, list the individual(s) and explain the nature of the transaction(s): _____

I affirm that the foregoing information is full, true and correct to the best of my knowledge. I have reviewed the financial statements to ensure their accuracy, completeness, and fairness. All activities related to this gift fund were conducted in compliance with ATB 40050.01, *Gifts and Donations*.

Director Name

Director Signature

Date