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| **Policy Title: NG - Cash Gifts and Other Revenue** | CorpImageID_0_1_3%7c3%7c0%7c2%7c1%7c |
| **Department Owner: Accounting** |
| **Original Issue Date: 10/21/2014** |
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| **Policy Number: 402** |
| **Policy Contact: Associate Vice President for Finance** |
| **ACCOUNTING DEPARTMENTAL PROCEDURE** | |
| **Printed copies are for reference only. Please refer to the electronic copy for the latest version.** | |

PURPOSE of PROCEDURE

Under state law, we are required to properly keep apart state funds (public) and foundation contribution (private) funds and certain types of other revenue. This procedure should help identify cash gifts or contributions and other non-gift or other revenue accepted by the Foundation and other non-gift revenue that should be processed using OSU Ledger 9 accounts or through OSU’s marketplace credit card processing system.

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DEFINITIONS (if needed)

**Gift**: cash or property given from a donor which meets criteria as a contribution.

**Non-Gift Revenue**: cash or property given from a donor that does not meet criteria as a contribution.

**Benefit**: Donor receives a benefit as a result of making the contribution. Contribution is limited to amount that is greater than benefit received.

PROCEDURE (list in detail the instructions needed to carry out this process in outline form and or --------------------step by step details)

1. **Identify cash gifts v. other revenue (non-gift)**

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| Step # | Detailed Instructions | Notes |
| Step 1 | Cash gifts considered to be donations:   1. Cash donations 2. Stock donations 3. Donated auction items 4. Auction proceeds greater than fair market value of donated gift 5. Event Tickets proceeds greater than fair market value of benefits (See Section 3) 6. Sponsorships that are not considered to be an exchange transaction. (See Section 4) |  |
| Step 2 | Cash NOT considered to be donations but accepted by the Foundation:   1. Repayments by OSUF staff 2. Oil and gas mineral income 3. Sale of donated stock (proceeds received when stock is sold) 4. Interest and dividends on stock. 5. Repayments of travel advances 6. Auction proceeds less than or equal to fair market value of donated gift. |  |
| Step 3 | Cash NOT considered to be donations and NOT accepted by the Foundation:   1. Seminar, conference, training fees 2. Booth rentals 3. Event tickets equal or less than fair market value of benefits, which have no fundraising intent. (See Section 3) 4. Sponsorships that constitute and exchange transaction (See Section 4) 5. Book, T-shirt, and sales of other nominal items with no gift component. 6. Raffles 7. Dues and memberships with no gift component. |  |

1. **Ledger 9 Account**

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| Step # | Detailed Instructions | Notes |
| Step 1 | Proceeds from certain OSU fundraising functions will be deposited with OSU into the Ledger 9 accounts, and then the net proceeds can be transferred to OSUF. These include t-shirt sales and other nominal items. The sale of these items does not generate a tax deduction for the buyer. |  |
| Step 2 | 1. The college/department will set up a Ledger 9 Account with University Accounting by referring to OSUP&P 3-0201 Fiscal Procedures and Accounting Systems and using the subsidiary ledger account form. Both can be found on the University Accounting website at <http://vpaf.okstate.edu/UA/AccountCreation.htm>. 2. After the account is established, all deposits from the fund raiser should be made to the Ledger 9 account. 3. State or institutional funds cannot be used for these fundraisers.      1. After all necessary expenditures have been made from the account, and the amount to be transferred has been determined, a Disbursement Voucher should be completed, a accounting of the fund raiser should be attached, proper approvals obtained, and all documentation sent to University Accounting for payment. These forms can be found at <http://vpaf.okstate.edu/UA/StudentOrganizationInfo.htm>. 2. Please remember, funds musts be deposited into a Ledger 9 before any expenditures can be made. A Ledger 9 CANNOT have a deficit balance. |  |
| Step 3 | Check should be sent to OSUF with a Gift Deposit Form. The section for non-gifts should be completed. Be sure to include the name of the project and project number in which the funds should be deposited. |  |

1. **Credit Card payment to OSU**

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| Step # | Detailed Instructions | Notes |
| Step 1 | Credit card payments for items listed in section 1.0, Step 3 can be processed through the OSU Marketplace credit card processing system. To set this up, please contact Andrea Hendricks (405-744-6475), in the Financial Information Management department at OSU. The accounting department at OSU can also be contacted. |  |

1. **Event Tickets**

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| Step # | Detailed Instructions | Notes |
| Step 1 | Tickets are typically sold for events such as dinners, golf tournaments, parties, balls, auctions and symposia to raise contributions to support activities.  The participants are offered something of value such as a meal, green fees, entertainment, and auction item for a payment that exceeds the cost of the benefits provided to the participant. The difference between the amount paid by the participant and the fair value of the direct benefits received by the participant is the contribution. If the amount paid by the participant is equal to or less than the benefits, the payment is treated as a non-gift and no contribution component is recognized.  *Note: It can be difficult to determine if a fund raising component to an event exists. A good rule of thumb is that the fundraising component is clearly stated on the materials as the purpose of the event and minimally 25% of the proceeds would be considered to be a contribution.* |  |
| Step 2 | Examples include:   * Ticket to a fundraising dinner event is $75. The fair market value of the dinner is $25. The benefit to the donor is equal to $25 and is not considered a contribution. The contribution component is $50, which is the amount exceeding the fair market value of the benefit. This would be accepted by the Foundation. Donor would receive a gift receipt. * Ticket to an event is $25. The fair market value of the dinner is $25. The benefit to the donor is equal to $0 so there is no contribution. This would NOT be accepted by the Foundation since there is no fundraising component. |  |

1. **Sponsorships**

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| Step # | Detailed Instructions | Notes |
| Step 1 | Transactions that fall under this category can be considered to be a full contribution, a part contribution and part exchange, or entirely an exchange. An exchange is not a contribution and not processed through OSUF. The determining factor is whether the recognition is considered advertising. |  |
| Step 2 | For a sponsorship to qualify as a contribution, all of the factors below must exist:   1. The contributions must be made by a person or corporation engaged in a trade or business. 2. The sponsor should not expect to receive substantial return benefit (2% of sponsorship contribution) for payment other than name acknowledgment and/or promotional value. 3. The promotional information should be limited to any or all of these:    1. Sponsor’s location, telephone number, internet address.    2. Value –neutral description of sponsor’s products or services    3. Sponsor’s brand/trade name or product/service listing. 4. There is no qualitative or comparative advertising of sponsor’s products or services such as pricing, savings, value, purchase/sale inducements, etc… 5. The sponsorship should be not contingent on event attendance, ratings or public exposure. 6. Under IRS guidelines, promotional information cannot contain any element of advertising such as price information, or endorsements or inducements to use the sponsor’s products or services. This could create an exchange transaction in which the advertising would be a benefit. Advertising benefits can be difficult to measure and typically include advertisement of the business entity’s products and business locations, samples of the business entity’s products. |  |
| Step 3 | Examples include:   * A golf tournament is held and a sponsorship would pay $2,500 to provide food and beverages, in exchange for displaying a placard stating the name of the company sponsoring the food and beverages. Since the simple display of the sponsor’s name does not constitute “advertising”, the entire $2,500 is considered a gift. * In the same scenario, the sponsor receives “free” admission for four participants, with a fair market value or cost of $125 per person. The benefits of ($125 x 4 = $500) reduces the gift. This is processed as follows: $2,000 is gift and $500 is non-gift. * In the same scenario, the sponsor is allowed a space to display and sell their products or services. This would constitute a form of free advertising for the companies that would not have otherwise existed had they not underwritten the costs. None of the amounts paid may be considered a contribution. This is not processed by OSUF. |  |