

## Procedure 2200 PR.01 Gift Processing and Stewardship

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### 1 – Overview

#### Gift Process

##### A. Gift Planning:

All solicitations and donor arrangements are coordinated in advance with the Office of Development and the Funds Management office. Please also see the Guide [2200 GD.01](#) Group Gift Guidelines.

##### B. Gift Receipt (see Section 2 for details):

1. When a gift for a new restricted purpose is received, the department contacts Funds Management. Funds Management establishes a new gift source as appropriate.
2. **Cash Gift**
  - If the department receives a cash gift, it deposits the gift using the University's on-line deposit system, RIF, and sends documentation to Contribution Processing in the Office of Development.
  - If the Office of Development receives a gift benefiting a department, it deposits the gift.
- Non-Cash Gift**
  - For **non-cash gifts**, the department contacts the appropriate office to arrange for recording and handling of the gift. See Section 2.
3. RIF automatically credits the gift to the Contribution Processing gift clearing account. In addition, the department may enter the preferred gift account if known. See RIF Procedure [2801 PR.01](#).
4. Contribution Processing records all gifts in the Benefactor system. Benefactor moves each gift credit from the gift clearing account to the correct account in the General Ledger via journal entry.
5. Contribution Processing sends official acknowledgments to donors.

### C. Gift Management (see Section 3 for details):

Funds Management compiles an indenture summarizing the agreement between the University and the donor, and provides a copy of the indenture to the department that is responsible for the fund.

Schools and departments are responsible for carrying out donor wishes. Funds Management assists with proper setup of gift accounts and monitors stewardship compliance.

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## Types of Gifts

Gifts are received by the University in the following forms:

- cash, including checks;
- payment via credit card (including [on-line](#) giving);
- payroll deduction;
- wire transfers;
- marketable securities;
- closely-held or illiquid securities;
- non-cash "in-kind" gifts: art works, valuable items, real estate;
- deferred planned gifts (gift annuities, charitable remainder trusts, pooled income funds, remainder in residence);
- estates, bequests and outside trust arrangements.

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## Matching Gifts

A matching gift is a gift made by a company in accordance with its own program designed to encourage employee contributions. Contribution Processing is responsible for completing the required University information and authorized signatures on the matching gift form.

- Original matching gift form must be submitted to Contribution Processing along with any other gift documentation – see Section 2.

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## Gifts vs. Sponsored Awards

The language used by a donor or sponsor in providing support is generally the source for making a distinction between a sponsored award (grant) and a gift. For detailed guidance, see Procedure [1304 PR.02](#) Distinguishing between Gifts and Sponsored Awards.

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## Gifts vs. Investment Income

A **gift** is a voluntary unconditional transfer of cash or other assets to the University by an individual or another entity, for which the donor does not receive goods or services in exchange.

**Investment income** is income relating to property held by the University for its benefit now or at a future date. While the original investment may have been acquired by the University as a gift, the subsequent receipt of income related to the investment is not considered a gift, but rather investment income.

Dividends and gains from investment sales are investment income, not gifts.

- **Example:** A donor gives the University an interest in a limited partnership as a gift. The value of the gift on the date of receipt is determined to be \$250,000. The University will record this amount as both a gift (credit to revenue) and an investment (debit to assets). Later, the University receives annual \$50,000 payments from the limited partnership. These subsequent payments are investment income, not gifts. The University will credit the \$50,000 to investment income when the checks are deposited.

The University may also receive fiduciary income or royalty income.

- **Fiduciary income** is income from trusts established outside the University.
- **Royalty income** is a share in the proceeds paid to an inventor or proprietor for the right to use his/her invention or services. Whether these are gifts or investment income from donated special investments held outside the University depends on the original donor intentions.

Investment income and other receipts that are not clearly gifts should be sent to Trusts and Estates, 55 Whitney Avenue, 5<sup>th</sup> floor, for deposit and proper disposition, accompanied by copies of all related documentation.

If there is any doubt as to whether a receipt is a gift or investment income, any of the following offices should be able to help you:

- Contribution Processing: 432-2206;
- Funds Management: 432-1347;
- Investment Accounting: 432-5383;
- Trusts and Estates: 432-6650.

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## **Gift Intentions**

A gift intention is a promise to give to the University at a later date. (In the past, this was frequently referred to as a "pledge".) A gift intention can be fulfilled by cash payment or any other type of gift listed above. Gifts that are paid in the form of a bequest are considered gift intentions.

The Office of Development is responsible for valuing gift intentions (including discounts and allowances) and managing gift intention receivables (including adjustments) according to guidelines developed and monitored by the Controller's Office. Contribution Processing, a unit of the Office of Development, confirms gift intentions and also issues reminders to donors when and where appropriate.

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## **Payroll Deduction**

Employees of the University may choose to make a recurring donation to the University via payroll deduction. (See [Gift to Yale Payroll Deduction Request](#) form available on the [Quick Forms](#) web site.)

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## **Gift Sources**

Gift sources are categorized in the following source groups:

- endowment gifts (source group ENDOW);
- expendable operating gifts (source group EXPOP);
- expendable gifts designated for physical capital (source group EXPPC);
- student loan gifts (source group SLOAN).

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## **Purpose Codes**

Purpose codes are a shorthand method to designate the general purpose of a gift source. For example, purpose code 42 is for scholarship gifts and purpose code 65 is for general support.

- See the complete list of purpose codes in the [COA Handbook](#).

There may be further restrictions within these purpose code categories that must be followed, e.g., the scholarship may be for a student majoring in English, or the general support fund may be for a specific project within the Art School.

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## **Assessments**

Most gifts are charged a 12% assessment when received except Endowment gifts which are not assessed.

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## **Legal Notices**

If any legal notice from a probate court is received, a government agency, lawyers for estates, bankruptcy proceedings, etc., **deliver the notice immediately to Trusts and Estates**, 55 Whitney Avenue, 5<sup>th</sup> floor. Such notices are usually time-sensitive and therefore speed is essential.

## Questions

For general questions about gifts, contact:

- Contribution Processing: 432-2206;
- Funds Management: 432-1347;
- Trusts and Estates: 432-6650.

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## 2 – Receiving a Gift

### Department Responsibility

Gifts may be received by:

- the department that will benefit from the gift;
- the Office of Development;
- another department, for example the President's office.

When a department receives a gift, whether or not it is intended for the benefit of the department, immediate action must be undertaken to record and deposit the gift and forward that documentation to the appropriate office, as described in this section.

If a gift benefiting the department is received by the Office of Development, that office will record and deposit the gift – see **Gifts Received By Development**, below.

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### Determine if New Source/Award and/or New Project Is Needed

When a department receives a gift, determine if it can appropriately be added to an existing source/award, or if a new source/award must be set up.

Generally, a new source/award is needed if:

- the gift represents or funds a new activity;
- the gift requires a fund title that is different from any existing fund source/award title.

All new sources/awards must specify a **prime project and prime task**, which should be the project and task where most activity is expected to take place.

- new sources/awards may use an existing project and task as their prime project and task;
- a new project and task may be needed if a new activity must be accounted for separately from current activity.

To establish a new source and award, or for assistance in determining if a new source and award is needed, email [giftawards@yale.edu](mailto:giftawards@yale.edu) or contact Funds Management at 432-1347.

To establish a new project, complete a **New Operating Project Request** form, available from the [Quick Forms](#) web site. See Procedure [1302 PR.02](#) Requesting a New Operating Project.

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### Deposit Cash Gifts

Promptly deposit cash gifts, including checks, via the University's on-line deposit system, RIF, and deliver the cash/checks to Treasury Services.

- Use **Gift** transaction type. The account number will automatically populate with the gift holding account.
- Enter the correct gift PTAE0 (preferred account number) if it is known at the time of deposit. Use the **prime project** and task only.
  - To transfer funds to a project or task other than the prime project or task, use the fund transfer process as described in Section 3, Adjustments.
- For a new source/award or project pending, leave the PTAE0 blank and enter "source/award and project pending" in the description field. The gift will be transferred to the correct account through the

Benefactor system when all the information has been processed. Funds Management will inform by e-mail when the source and award have been established.

**Exceptions:**

- Split gifts: If a cash receipt includes both a gift and a payment such as membership, event ticket, etc., contact the Director of Contribution Processing, 432-5867, **before** depositing the check.
- When a cash receipt is a payment from an estate or trust, payment of an insurance premium, or related to a special investment, send the check and documentation to Trusts and Estates, 55 Whitney Avenue, 5<sup>th</sup> floor, for deposit. Do not deposit via RIF. Trusts and Estates is the official custodian of original documentation related to trusts, estates and special investments.

For more information about RIF see Procedure [2801 PR.01](#).

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**Foreign Currency**

When entering a foreign currency deposit in RIF, departments should not enter a dollar amount. Treasury Services will determine and enter the U.S. dollar value.

The preparer will receive an e-mail notification of the value. Treasury Services will also notify Contribution Processing of the RIF number and U.S. dollar amount via e-mail.

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**Send Gift Documentation to Contribution Processing**

For every gift deposit, Contribution Processing requires the following documentation:

- a copy of the RIF tracking slip;
- a copy of the front of each check – one check per page (these are filed separately);
- **originals** of envelopes, cover letters, memos, notes, matching gift forms or any other documentation that accompanied the gift and that help to define the gift;
  - If the gift was not accompanied by any documentation other than the envelope, send the envelope indicating the donor's name and return address.

Contribution Processing is the official custodian of records such as information regarding any donor benefits (e.g. complimentary admission to events, memberships, etc.)

Deliver all gift documentation to: Contribution Processing, Office of Development, 157 Church Street (8th floor) New Haven, CT 06510-2100.

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**Matching Gift Processing**

Attach the **original** matching gift form to other donor documentation and send to Contribution Processing as above. Contribution Processing will complete the University's portion of the matching gift form and forward the form to the company for processing. Contribution Processing will deposit the company's matching gift check to the account where the check from the individual donor was deposited.

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**Wire Transfers and Non-Cash Gifts**

Contact the appropriate office to handle and record receipt of wire transfers and non-cash gifts:

Gift Type	Contact	Phone
Cash Wire transfers	Development Associate, Contribution Processing (Fax: 432-8633 email: donated <a href="mailto:securities@yale.edu">securities@yale.edu</a> )	432-4107
Publicly-traded securities	Development Associate, Contribution Processing (Fax: 432-8633 email: donated <a href="mailto:securities@yale.edu">securities@yale.edu</a> )	432-4107

Gifts-in-kind for use in conjunction with University's mission (e.g., teaching, research, preservation of knowledge: works of art, equipment, tangible personal property, etc.)	Manager of relevant collection or department depending on nature of gift (e.g., museum, library, athletics, etc.)	call appropriate department
Non-marketable securities and limited partnerships, charitable gift annuities, charitable remainder trusts, pooled income funds, life insurance policies, real estate, other non-cash gifts	Office of Planned Giving (Development Office)	432-5436
Any of the above if from an estate or trust	Trusts and Estates	432-6650

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## Gifts Received By Development

When the Office of Development receives a gift for the benefit of a department, it processes the gift as shown below. A credit will be seen in the financial statements. To obtain more information about specific credits, contact Contribution Processing.

- **Restricted gifts requiring a new source:** Funds Management will inform the department by e-mail when the new source and award have been established. As with all new sources, the department will receive a copy of the indenture from Funds Management when it is ready. See Section 3 for more information about indentures.
- **Additions to existing restricted gift accounts:** These are deposited to the appropriate award. If there is a question, Contribution Processing will contact the department.
- **Alumni Fund gifts:** These are credited to the department daily in the department's Alumni Funds award.
- **Other unrestricted current-use gifts:** These are deposited to the department in unrestricted current-use award **51600A** or **51601A**.

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## Acknowledgment and Tax Receipt

Contribution Processing sends an official University acknowledgment to donors. This acknowledgment constitutes the University's official receipt for income tax purposes. The acknowledgment also indicates to the donor that the gift has been directed in accordance with the donor's wishes.

### Non-cash gifts:

For all non-cash gifts other than publicly traded securities, notification of the date of the gift, the donor's name, a description of the item and an estimate of its value (for University purposes only, e.g. insurance) should be sent to the Office of Development.

If the donor sends the department an IRS Form 8283 (Noncash Charitable Contributions), forward it to the Office of Development, which will complete required portions of the form and obtain appropriate University signature.

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## Record Retention

As stated above, Contribution Processing is the official custodian of **originals** of cover letters, memos, notes or any other documentation that accompanies a gift, as well as **original** matching gift forms.

Trusts and Estates is the official custodian of original documentation related to trusts, estates and special investments.

Departments should retain copies of such documents in their files for reference.

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## Bounced Checks

If a gift check bounces, Treasury Services does the following:

- obtains the gift account number from Contribution Processing;

- debits the gift holding account for the check amount via JSA;
- debits the gift account for the amount of bank fees;
- sends a printout of the journal entry and the original check to Contribution Processing.

Contribution Processing contacts the donor to request a replacement check.

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### 3 – Managing Gifts

#### Stewardship

Stewardship of gifts involves:

- appropriately acknowledging gifts;
- ensuring that they are used in accordance with donor wishes;
- reporting to donors and/or other parties when appropriate.

Although Contribution Processing sends official acknowledgments to donors, departments that have a direct relationship with a donor may also wish to send their own letter of thanks. If the department sends its own thank-you letter, send a copy to Contribution Processing as well. (Medical School departments should send an additional copy to the Medical School Development Office.)

- Do not wait until the thank-you letter is done before sending other supporting documentation to Contribution Processing. Always submit gift documentation to Contribution Processing immediately after doing the RIF as specified in Section 2.

Funds Management compiles and maintains an **indenture** for each gift source/award, based on donor correspondence and other pertinent documentation. The indenture summarizes the agreement between the University and the donor as to how the gift is to be used.

Funds Management provides a copy of the indenture to the department that is responsible for the fund (i.e., the award-owning organization). The department business manager should review the indenture and be familiar with the purpose of the fund and any special restrictions or requirements associated with the gift.

Department business managers are responsible for:

- ensuring that gift funds owned by any of their organizations are used in a manner consistent with the stated intentions of the donor;
- monitoring their gift awards for overdrafts and accumulating balances.
  - Overdrafts must be cleared before the end of the fiscal year. See Procedure [1310 PR.03](#) Deficit Fund Balance;.
  - Accumulating balances may indicate an inability to use a donor's gift; consult with Funds Management for guidance in appropriate use of gift funds and endowment income.

For questions regarding stewardship of gifts, contact Funds Management, 432-1347.

## Adjustments

Gift funds may need to be moved from one account to another in certain circumstances. Use the following procedures:

If...	Then...
need to allocate a current year gift income from one <b>project</b> to another	<ul style="list-style-type: none"> <li>• prepare a journal entry using an reclass expenditure type 451106/451107</li> <li>• <b>exception:</b> If prime project has to be changed for an endowment fund, contact Funds Management.</li> </ul>
<b>Medical School only:</b> need to move a gift from one source to another	<ul style="list-style-type: none"> <li>• prepare a journal entry using an interfund transfer expenditure type 351201.</li> </ul>
a gift was deposited to an incorrect <b>award</b> or <b>organization</b> <ul style="list-style-type: none"> <li>• <b>example:</b> When a gift was received, the department thought it was for a certain purpose and deposited it accordingly, but the donor subsequently informed the department that the gift was intended for a different purpose.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>do not correct this yourself</b></li> <li>• e-mail Contribution Processing at <a href="mailto:gift.adjustments@yale.edu">gift.adjustments@yale.edu</a> to request a transfer.                             <ul style="list-style-type: none"> <li>• Include the donor name, Benefactor ID# (if available), amount of gift, date of gift, RIF# and date or other General Ledger recording numbers, PTAE0 and reason for the request.</li> </ul> </li> </ul>
a <b>temporary source/award</b> was used to accumulate gifts until appropriate dollars were received to establish a new source/award	<ul style="list-style-type: none"> <li>• contact Funds Management</li> </ul>

## Reporting

Although donors often contact Development officers to find out how their gifts are being used, sometimes donors contact individual departments or faculty members. Departments should be prepared to respond to donor questions regarding the use of their gifts.

Department business managers should be familiar with donor reporting requirements, if any, for gifts for which they are responsible, and should work with Funds Management and the University Recording Secretary in the Office of Development to prepare and submit reports accordingly.

Copies of any correspondence or reports to donors should be sent to the University Recording Secretary, Office of Development, 157 Church Street.

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The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.

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