

Birmingham-Southern College

Title: Contribution Recording Policy

Policy Abstract: The College must be a good steward over the assets received from its donors to maintain donor confidence and to ensure the mission of the institution is achieved. A sound accounting policy ensures that all donations are accounted for and properly recorded in the College's financial records in accordance with Generally Accepted Accounting Principles (GAAP).

Responsible Offices: Finance Office, Institutional Advancement

Officials: Chief Financial Officer, Controller, and Vice President of Institutional Advancement

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Applies to: Entire College

Effective Date: December 1, 2006

Revision Dates: March 18, 2010, May 2012, January 15, 2014

Introduction/Background

Birmingham-Southern College is an outstanding academic institution with a long history of very successful and distinguished students, faculty, and alumni. In order to continue as a strong liberal arts college, it is imperative that the institution have sound fiscal management and financial stability at all times. Implementation of good contribution recording practices will help the college achieve and maintain adequate financial controls and stability.

Purpose

This policy ensures the proper internal accounting controls are in place relating to the roles of depositing, recording, and reconciling contribution transactions in the College's financial records. This policy summarizes the processes in place. Detailed desk procedures followed by staff are available in the Finance Office and Advancement Services area.

Applicable Regulations

SACS-COC Core Requirements and Comprehensive Standards (2.11.1, 3.10.1, 3.10.3)

Policy Statement

All contributions to the College should be recorded accurately and in a timely manner in accordance with the donor's intent. All gift activity is recorded in Advancement Services through the Colleague Advancement System.

Details

Pledges

Pledges are defined as unconditional promises to give that are expected to be collected in the future. Advancement Services records the pledge in the Colleague Advancement System according to the donor documentation.

For all pledges \$10,000 or greater, the Colleague Advancement System feeds the pledge information to the appropriate general ledger accounts. The Controller reconciles the Colleague Advancement detailed pledge activity ledger to the general ledger in the Colleague Advancement System on a quarterly basis.

Recording Cash, Checks, Credit Cards, and Electronic Transfers

Advancement Services records the receipt of all donations, including all methods of payment, including cash, check, credit card, or electronic transfer in the Colleague Advancement System. Detailed processes have been established to ensure segregation of duties related to donation recording, donation deposit, and donation reconciliation. Receipts are logged, reviewed, and balanced prior to entry in the Colleague Advancement System by Advancement Services personnel. The receipts are also balanced and reviewed by Advancement Services personnel prior to posting to the general ledger.

Each cash, check, and credit card item is logged at the point of receipt.

Checks are restrictively endorsed at the point of receipt and cash items received are counted by two individuals.

Deposit logs are then provided to an Advancement Services supervisor who reviews the document for completion and accuracy and assigns the proper donation classification. Once the log has been completed and approved, the contributions are recorded by data entry staff into the Colleague Advancement System.

Credit cards are deposited automatically through Official Payments or the Global credit card processing system, and these reports serve as the credit card entry log.

Checks are deposited the same day they are received by Advancement Services via the Regions Quick Deposit system. Cash is forwarded to the cashier's office in student accounts by noon the following day. Cash items are taken to the bank and deposited by campus police.

Recording Cash, Checks, Credit Cards, and Electronic Transfers (Continued)

All transactions initiated by Advancement Services are reviewed in total and reconciled by the Accounting Associate in Finance. Once reconciled, the accounting associate posts the transactions to the general ledger. All donations are deposited daily into the College's bank account. At the end of each month, a journal entry will be made by the Finance Office to reclassify funds to either the temporarily restricted or permanently restricted accounts based on the donor's intent at the time of the gift.

Calendar Year End Donations

All checks or transactions dated on or before December 31st of each year are processed in that calendar year. The U.S. postmark on the donation's envelope is used as verification of the gift date.

Donations Collected Outside Advancement Services

When a department receives a donation in the ordinary course of business, it will be logged at the point of receipt on the departmental check log and remitted to Advancement Services by 3:30 pm on the date of receipt. Departments may also receive donations if they are part of an event or fundraiser, but the procedures issued by the Finance Office for that event or fundraiser must be followed.

Stock Donations

The Senior Accountant monitors online account activity for stock gift brokerage accounts and notifies Advancement Services and the Vice President of Finance of any activity.

The following information is to be communicated to Advancement Services by the end of the following business day that the stock gift is identified. This information is communicated by the Senior Accountant through email as follows:

- Date of Gift
- Donor
- Stock name and trading symbol
- Number of shares transferred
- High, low, and close price

Stock gifts should be transferred to the brokerage account by donors. Upon receipt of the gift information above, the stock is valued by Advancement Services using the high and low price for the stock on the date of gift. An entry is made in the Colleague Advancement System by Advancement Services to recognize gift income.

Stock Donations (Continued)

All stock gifts deposited are required to be liquidated. When a stock gift is identified, the Vice President of Finance is notified and authorizes the immediate sale. The funds resulting from the liquidation are sent via wire or fund transfer to the appropriate college bank account. The College maintains brokerage accounts for stock transfer with Merrill Lynch and Fidelity. Information related to account information should be obtained from the Finance office.

Donated Life Insurance Policies

Advancement Services receives notification by donor of Birmingham-Southern College as beneficiary. If the college is a beneficiary of a whole life policy, an entry to record the cash value is required annually to reflect the value of the policy.

Upon death of a donor, Advancement Services will notify the Finance Office.

Any proceeds from the insurance policy will be sent to Advancement Services for recording through Colleague Advancement System according to the donor's intent.

Donated Estates

Planned Giving will provide to the Senior Accountant a listing of all estates quarterly.

This listing will include the estate/donor name, expected settlement date, probate status, designation of the gift (restricted, unrestricted, etc.), and estimated value of the distribution to the College for those that have completed probate. The Senior Accountant will perform a journal entry for any changes in value occurring during the preceding quarter.

For those estates that have completed probate, an accrual will be made for the distribution. Any proceeds from estates received in the Finance Office will be sent to Advancement Services for recording through the Colleague Advancement System. The accrual will be reversed when the distribution is received and posted in the general ledger through Advancement Services.

Donated Property

Contributions of property require a determination of fair market value, because a donor is allowed a charitable deduction for the fair market value of property contributed to a qualified organization. Refer to the Office of Institutional Advancement Policies and Procedures for information relating to the acceptance of property gifts and the methods used to value the property.

As property is liquidated, closing costs and any gain or loss on disposal are recognized. If donated property is held by the College for three years or less, IRS form 8282 is to be completed by the Finance Office and sent to Advancement Services for communication with the donor.

7. Definitions

SACS-COC Southern Association of Colleges and Schools-Commission on Colleges