



<b>Section</b>	<b>07</b>	<b>REVENUE AND ACCOUNTS RECEIVABLE</b>	<b>Effective Date</b>	<b>7/1/2015</b>
<b>Sub-section</b>	<b>02</b>	<b>Gifts and Donations</b>	<b>Revision Date</b>	<b>3/31/2015</b>
<b>SAM Ref</b>	<b>6-2</b>			

**BACKGROUND**

**DEFINITION**

Gifts and Donations - Revenues from gifts, donations, grants and bequests from nongovernmental sources.

**ACCEPTING GIFTS AND DONATIONS**

Wis. Stats. 20.907 (1) authorizes restricted and unrestricted receipts from gifts and other outside sources. "Unless otherwise provided by law, all gifts, grants, bequests, and devises to the state or to any state agency for the benefit or advantage of the state, whether made to trustees or otherwise, shall be legal and valid when approved by the joint committee on finance and shall be executed and enforced according to the provisions of the instrument....." Approval by the joint committee on finance is not required where an agency has a valid appropriation for this purpose. When gifts, grants, bequests, or devises include common stocks or other investments which are not authorized by s. 881.01, such common stocks or other investments may be held, exchanged, invested or reinvested in similar types of investments without being subject to the limitations provided by law in other cases. All such gifts, grants, bequests and devises in the form of cash or securities should be deposited in the custody of the State Treasurer.

Agencies that do not have gifts and grant appropriations authorized under their agency number in Chapter 20 are required to obtain approval of the gift or donation by the joint committee on finance before these gifts or donations are considered legal and valid, pursuant to s. 20.907(1), Wis. Stats.

**POLICIES**

**1. RECORDING RECEIPT OF GIFTS AND DONATIONS**

All gifts and donations should be recorded in a gift and donation revenue code in a gifts and donations appropriation. Agencies that do not have gifts and grant appropriations authorized under their agency number in Chapter 20 and receive a gift or donation, should contact the State Budget Office for establishment of an appropriation under the authority of s. 20.855(6)(g) Wis. Stat.

Gifts and donations are revenues and should not be recorded as refunds of expenditures.

**2. USING GIFTS AND DONATIONS**

All funds received from gifts, grants, donations and trusts and any income received thereon may be expended:



# WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

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- For any lawful purpose under the statutes governing state operations and authorized by the proper authority.
- Consistent with the purpose of the gift if restricted by the donor.

Unless the gift or grant specifically states a use, it is assumed that its use is intended for normal operational expenses. Where its use is specified, legal, and outside what is considered normal, the use must be approved by the State Controller. If the specified use is not legal, the funds cannot be accepted or used for that purpose.

Normally, use of a cash gift or donation for the purchase of a good or service should be charged directly as an expenditure to the gift and donation's appropriation. The expenditure code used to record the expenditure should be the code that most accurately reflects the use of the funds.

If the purpose of the gift is to pay for some of the salary or fringe expenses of state employees then the accounting for the use of the gift will be handled differently. Salary and fringe expenses are tied to position authority. The positions are designated with specific appropriations and have been budgeted under these appropriations. In the payroll system it is not feasible to charge the salary and fringe expense associated with a gift directly to the gift and donation appropriation. The salary and fringe expense should continue to be charged directly to the appropriation where it is normally charged. A journal entry should then be prepared to transfer salary and fringe expenses from the original appropriation into the gift and donation appropriation. Expenditure codes 7094000 - Salary Transfer and 7294000 - Fringe Transfer should be used to record the transfer out of the original appropriation and into the gift and donation appropriation. This accomplishes the wishes of the donor but allows the agency to reflect both the charging of the salary and fringes to the original appropriation and the transfer of this expense to the gift and donation appropriation. Treatment of salary and fringe amounts budgeted in the original appropriation will be handled on a case-by-case basis by the State Budget Office.

### 3. PROVIDING RECEIPTS TO DONORS

Donations to the state may qualify as charitable contributions. IRS Publication 526 on Charitable Contributions indicates that donations to a State Government for public purposes qualify as a charitable contribution. In order for the donor to claim a deduction for the gift they need documentation of the gift. Agencies should provide donors with a receipt or acknowledgment that includes the following information, date received, statement that the agency did not provide any goods or services to the donor for the amount paid, amount and agency name.



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**4. VALUATION**

The valuation of gifts and donations should be the fair market value at the time of receipt. Since the state operates its budgetary accounts on a modified cash basis the value of non-cash gifts or donations should not be recorded as revenues in the actuals ledger of the accounting system.

**5. REPORTING**

According to Wis. Stats. 20.907 (1m), by December 1 of each year, state agencies shall submit a report to the joint committee on finance and the SCO on expenditures made by the agency during the preceding fiscal year from nonfederal funds received as gifts, grants, bequests or devises. Form # 6039 has been established by DOA to report expenditures from gifts, grants or devises as required by s. 20.907(1m) Wis. Stat. Agencies are also required to include a listing of in-kind contributions, including goods and services, received and used during the preceding fiscal year.

**6. AUDIT**

Wis. Stats. 20.907 (4) states that all moneys received by any state agency as income on the principal of funds received as gifts, legacies, and devises shall be expended under the direction of the proper authorities. The Department of Administration audit of these expenditures is for the purpose of ascertaining that such expenditures are lawfully authorized by the proper authorities of such state agency.