

ACCOUNTING PRINCIPLES AND STANDARDS HANDBOOK

CHAPTER 16. GIFTS AND BEQUESTS

Section 1.0 General

This chapter sets forth the principles and standards pertaining to the receipt and use of gifts and bequests (donations) made to the Department of Commerce. The Government Accountability Office (GAO) defines donations as “nonreciprocal transfers of assets or services from state, local or foreign governments; individuals; or others not considered a related party to the Federal Government.” Royalties and honoraria are not gifts and bequests. An employee may not accept, on behalf of himself/herself or the Department, any royalty or honorarium resulting from work-related activities. Therefore, acceptance of gifts or bequests by an employee in his/her personal name and subsequently endorsing the check or writing a check to the Department is a departure from the Department’s policy regarding Gifts and Bequests. Questions on the acceptance of royalties, honoraria, or other earnings should be referred to the Office of General Counsel.

Gifts and Bequests (G&B) are classified as trust fund accounts. G&B are similar to appropriations in that they are a financing source for the Department’s operations. As such, donations should be reflected in full on the Department’s accounting records and financial statements.

Although contributions to bureaus under the authority of the [Mutual Educational and Cultural Exchange Act of 1961, § 105 \(f\), \(22 U.S.C § 2455 \(f\)\)](#) are not considered gifts and donations, bureaus may use this Chapter as guidance in accounting for those contributions.

Section 2.0 Authority

The policies and procedures contained in this chapter are issued pursuant to:

- a. [15 U.S.C. Sec. 1522, “Acceptance of Gifts and Bequests for Purposes of the Department; Separate Fund; Disbursements;”](#)
- b. [5 U.S.C. Sec. 7342, “Receipt and Disposition of Foreign Gifts and Decorations;”](#)
- c. [31 U.S.C. Sec. 1353, “Acceptance of Travel and Related Expenses from Non-Federal Sources;”](#)
- d. [SFFAS 6, Accounting for Property, Plant, and Equipment;”](#)

- e. [SFFAS 7, Accounting for Revue and Other Financing Sources;](#)
- f. [GSA, Federal Travel Regulations, 41 CFR Parts 301-1 and 304-1;](#)
- g. [DAO 203-9, Gifts and Bequests;](#)
- h. [DAO 203-10, Official Entertainment and Representation Authorization;](#) and
- i. [DAO 202-739, Gifts and Decorations from Foreign Governments and to Foreign Individuals.](#)

Section 3.0 Responsibilities

- .01 The Bureau Administrative Officer, or Designee, and/or Gifts and Bequests Manager (as designated by DAO 203-9) shall ensure that:
 - a. An internal operating manual is developed and maintained for gifts and bequests;
 - b. A system of administrative controls exists for Gifts and Bequests Funds. Budgetary resources available for obligation are limited to the amount of receipts credited to the Gifts and Bequests account. Therefore, in order to avoid a deficiency violation for Gifts and Bequests, the account manager should make a determination for each proposed obligation whether:
 - 1. The obligation will be covered by the existing fund balance for gifts and bequests;
 - 2. A collection will have to be made in advance to cover it; or
 - 3. The obligation should be charged to another appropriation, if it properly supports the mission of that appropriation, such as for travel to give a speech or otherwise represent the Department; the obligation may be transferred to the Gifts and Bequests account once a matching collection has been received.

- c. Documentation supporting the value of gifts received, including services in-kind, is collected and maintained. This includes those gifts of less than \$250 not reported to the Office of the General Counsel. All gifts should also be recorded in a log and given a control number. Each gift shall be documented on a CD-210, "Record of Gift or Bequest." The dollar amount recorded on a CD-210 shall represent the value of the assets or services actually received. Gifts and decorations from a foreign government, as defined by DAO 202-739, must be reported on Form CD-342, "Record of Gifts and Decorations from Foreign Governments;"
- d. Documentation supporting the value of expenses incurred is collected and maintained. Expenses should also be recorded in a log and should be matched to, or cite the control number of, a related donation. The travel voucher shall document the approved payment of Gifts and Bequests funds for travel. An authorized Form CD-464, "Request for Authorization for Official Entertainment" or equivalent documentation shall also be maintained for each non-travel expenditure;
- e. An inventory of capitalized and accountable donated property is maintained;
- f. A physical count of donated property is taken at least annually and the count is independently verified;
- g. Donated property inventory records are updated when an item is excessed to GSA;
- h. Information is collected on all gift and bequest donations (monetary receipts, other assets, or services), expenses, and property dispositions, and forwarded to the bureau finance office at least monthly; and
- i. The information forwarded to the finance office supports period-end cutoff entries, including the following information:
 - 1. Expenses incurred for which a gift reimbursement has not been received;
 - 2. Donations received for which offsetting expenditures have not been made;
 - 3. Donations of assets, such as airline tickets, received for services yet to be performed; and
 - 4. Promises of gifts for services yet to be performed.

.02 The Bureau Finance Officer Responsibilities:

A separate set of general and subsidiary ledger is maintained for the assets, liabilities, net worth, revenues, expenses, and budgetary and statistical accounts of gifts and bequests activity. This will allow for a trial balance, which can be sent to NIST for cross-servicing (see paragraph c. below) and will prevent gifts and bequests activity from being reflected in the bureau's financial statements, as gifts and bequests should only be reported once at the Departmental level. See "Internal Controls," Chapter 6, Section 6.0 for specific standards on documentation and recording transactions and events.

The Bureau Finance Officer shall ensure that:

- a. Information on all gifts is properly recorded in the accounting records;
- b. The annual inventory count of donated property is verified; and
- c. A copy of the pre-closing trial balance as of the end of each quarter is submitted to NIST to support preparation of the Gifts and Bequests consolidated financial statements. The ledgers should be sufficiently detailed to support all required notes to the statements, including program or operating expense by object classification and program. Otherwise, supplementing information and any bureau-unique disclosures for footnotes should also be included.

Section 4.0 Funds Received

- a. Donations made to the Department which match expenses incurred or to be incurred, such as for employee travel, are not refunds and do not negate the requirement to record a revenue and a budgetary resource. Instead, the amount of the donation shall be recorded in full (when the expenses are incurred), and the expense recorded separately. This allows the full value of funds received and expenses incurred to be reflected on the Statement of Changes in Net Position, and the FACTS II SF-133, Report on Budget Execution/FACTS II. Until the expense is incurred, the donation should be credited to Other Deferred Revenue.

- b. An unconditional gift of funds (i.e., no matching expense is expected to be incurred) is recorded as a debit to Fund Balance With Treasury and a credit to Donated Revenue. If a gift is received for a service yet to be performed, Other Deferred Revenue should be credited instead, until such time as the service is performed; at such time, the Donated Revenue will be recorded (reclassification from Other Deferred Revenue).
- c. The receipts of a monetary gift are also a budgetary resource, which must be recognized. Since these funds are not subject to apportionment, they should be recorded with a budgetary entry debiting Appropriated Trust or Special Funds Receipt and crediting Unobligated Funds Exempt from Apportionment.

Section 5.0 Services In-Kind

- a. Services provided to the Department generally shall be valued at the donor's cost. For specific circumstances, refer to GSA's travel gift valuation rules (41 CFR § 304-1.9(a)). Documentation supporting the donor's cost (such as receipts, bills, or letters) should be maintained.
- b. Donations of services in-kind shall be recorded as a debit to Operating Expenses/Program Costs and a Credit to Donated Revenue. No budgetary entry is made.
- c. The amount of expenses in-kind shall be reported as costs assigned to the appropriate strategic goal in the Statement of Net Cost.

Section 6.0 Other Assets Received

- a. Donated fixed assets shall be accounted for at the estimated fair market value on the date of acquisition.
- b. Donations of assets, which meet capitalization criteria, shall be debited to the appropriate asset account and credited to Donated Revenue.
- c. Donations of physical assets, which do not meet capitalization criteria, shall be recorded as a debit for Operating Expenses/Program Costs and a Credit shall be made to Donated Revenue. Items of more than a "nominal" value but less than \$5,000 are still accountable, however, and should be controlled through the bureau log of gifts and bequests.
- d. No budgetary ledger entries are made to account for donations of non-monetary assets.

Section 7.0 Obligations and Expenses Incurred

- a. An undelivered order established in Gifts and Bequests funds shall be recorded as a debit to Unobligated Funds Exempt from Apportionment and a credit to Undelivered Orders. No proprietary entry is made.
- b. Expenses incurred shall be recorded with a debit to Operating Expenses/Program Costs and a credit to Fund Balance With Treasury or Accounts Payable and a second entry which:
 1. Debits Other Deferred Revenue and credits Donated Revenue, if a matching collection has been received previously; or
 2. Debits Accounts Receivable and credits Donated Revenue, if a matching collection has been promised by a donor.

The budgetary entry debits Undelivered Orders and credits Delivered Orders in both cases above.

- c. Depreciation expense taken on capitalized donated assets shall be reflected with debits to Depreciation, Amortization, and Depletion, and credits to the Accumulated Depreciation account of the asset and Donated Revenue. No budgetary entry is made.

Depreciation will be reported on the Statement of Financing as Components Not Requiring or Generating Resources, since it is not an expense requiring a cash payment.

Section 8.0 Transfers Between Bureaus

Upon the transfer of Gifts and Bequests funds to another bureau, the equity account Nonexpenditure Finance Sources – Transfers-Out shall be debited in the amount of the transfer and Fund Balance With Treasury credited. The budgetary entry shall be a debit to Unobligated Funds Exempt From Apportionment and credit to Transfers – Current-Year Authority or Allocation Transfers of Current Year Authority for NonInvested Accounts. The budgetary transaction will be reversed for the transfer of funds from another bureau. In this case, the proprietary entry is to debit Fund Balance With Treasury and credit Nonexpenditure Finance Sources – Transfers-In. All transfers are to be treated as nonexchange activity on the Statement of Changes in Net Position.

Section 9.0 Year-End Cutoff Entries

At year-end, bureaus should ensure that entries are made to reflect the proper accounting status of transactions, specifically in the following situations:

- a. Where a promise of a gift has been received for expenses yet to be incurred, Accounts Receivable shall be debited and Other Deferred Revenue credited. (Once the collection is made, Fund Balance With Treasury would be debited and Accounts Receivable would be credited. Appropriated Trust or Special Funds Receipt would be debited and Unobligated Funds Exempt From Apportionment would be credited as the budgetary entry. Once the expense is incurred, Other Deferred Revenue would be debited and Donated Revenue would be credited; Operating Expenses/Program Costs would be debited and Fund Balance With Treasury or Accounts Payable would be credited. Unobligated Funds Exempt From Apportionment would be debited and Delivered Orders would be credited as the budgetary entry).
- b. Where a promise of a gift has been received and an expense has been incurred, Operating Expenses/Program Costs shall be debited and Accounts Payable or Fund Balance With Treasury credited, and Accounts Receivable shall be debited and Donated Revenue shall be credited. Budgetary account Unobligated Funds Exempt From Apportionment shall be debited and Delivered Orders credited to recognize the expenditure. Such expense should only be incurred where they are covered by existing fund balances. (Once the collection is received, Fund Balance With Treasury is debited and Accounts Receivable is credited. Appropriated Trust or Special Funds Receipt will be debited and Unobligated Funds Exempt From Apportionment will be credited as the budgetary entry).
- c. Where funds have been received for a future expense, Fund Balance With Treasury shall be debited and Other Deferred Revenue shall be credited. The budgetary entry is to debit Appropriated Trust or Special Funds Receipt and to credit Unobligated Funds Exempt From Apportionment. (Once the expense is incurred, Operating Expenses/Program Costs would be debited and Accounts Payable or Fund Balance With Treasury would be credited, Other Deferred Revenue would be debited and Donated Revenue would be credited. The budgetary entry would be Unobligated Funds Exempt From Apportionment debited and Delivered Orders credited).

Section 10.0 Closing Entries

- a. At year-end, budgetary accounts Appropriated Trust or Special Funds Receipt, Appropriation Transfers, and Delivered Orders are closed to Total Actual Resources – Collected. Total Actual Resources – Collected, a debit account, should be balanced by credit accounts Unobligated Funds Exempt From Apportionment and any Undelivered Orders. The new balance of Total Actual Resources – Collected is brought forward and carried through the next fiscal year.
- b. Proprietary accounts Donated Revenues and Operating Expenses/Program Costs shall be closed to Cumulative Results of Operations.

Section 11.0: Bureau Evaluations of Material or Significant Possible or Actual Unusual Accounting Transactions

Bureaus are required to evaluate material or significant possible or actual unusual accounting transactions (e.g. a possible or actual accrued receivable/revenue or accrued payable/expense or asset, a possible, anticipated, or actual transfer, a possible, anticipated, or actual budgetary resource or reduction of budgetary resources, a possible or actual contingency), regardless of whether the item has been apportioned or not apportioned on the SF 132, *Apportionment and Reapportionment Schedule*, and research if a) a proprietary accounting transaction(s) should be recorded; b) a budgetary accounting transaction should be recorded; and c) if yes to either a) or b), the appropriate accounting transactions that should be recorded and when (month/year) the accounting transactions should be recorded.

For these material or significant possible or actual unusual accounting transactions, the bureau's evaluation is required to include consultation with a) the bureau's CFO or equivalent, of both the underlying bureau and that bureau's accounting service provider, if applicable, or his or her designee(s); and b) the Department's Office of Financial Management. As appropriate, consultations should also include c) other bureau or Departmental offices; d) the U.S. Department of the Treasury, the Office of Management and Budget, and/or the Federal Accounting Standards Advisory Board; e) any other federal agencies; and f) any other relevant or applicable sources.

TRUST FUND CORPUS ACCOUNT – GIFTS AND BEQUESTS

*Notes: P) Proprietary entries B) Budgetary entries
These sample journal entries are not all-inclusive; just the more common entries*

1. Various Donations

Unconditional cash donation received (USSGL TC A186):

P) Dr 1010 Fund Balance With Treasury
 Cr 5600 Donated Revenue-Financial Resources

B) Dr 4114 Appropriated Trust or Special Funds Receipt
 Cr 4620 Unobligated Funds Exempt From Apportionment

Cash donation received for expenses incurred (USSGL TC A186):

P) Dr 1010 Fund Balance With Treasury
 Cr 5600 Donated Revenue-Financial Resources

B) Dr 4114 Appropriated Trust or Special Funds Receipt
 Cr 4620 Unobligated Funds Exempt From Apportionment

Cash donation received for expenses to be incurred in the future (USSGL TC C114):

P) Dr 1010 Fund Balance With Treasury
 Cr 2320 Other Deferred Revenue

B) Dr 4114 Appropriated Trust or Special Funds Receipt
 Cr 4620 Unobligated Funds Exempt From Apportionment

Donation received of service in kind (USSGL TC C102):

P) Dr 6100 Operating Expenses/Program Costs
 Cr 5610 Donated Revenue-Nonfinancial Resources

B) No budgetary entry

Donation of asset(s) received – PP&E or non-PP&E. If the asset(s) is PP&E, the asset(s) meets capitalization criteria (USSGL TC C164):

P) Dr 1XXX Assets
 Cr 5610 Donated Revenue-Nonfinancial Resources

B) No budgetary entry

Donation of PP&E asset(s) received, when the PP&E asset(s) does not meet capitalization criteria:

P) Dr 6100 Operating Expenses/Program Costs
 Cr 5610 Donated Revenue-Nonfinancial Resources

B) No budgetary entry

TRUST FUND CORPUS ACCOUNT – GIFTS AND BEQUESTS

*Notes: P) Proprietary entries B) Budgetary entries
These sample journal entries are not all-inclusive; just the more common entries*

2. Reclassification to revenue (from deferred revenue), upon the expenses being incurred, for cash donation previously collected for expenses to be incurred in the future:

P1) Dr 2320 Other Deferred Revenue
 Cr 5600 Donated Revenue-Financial Resources

3. Establish an undelivered order (TC B306/B308):

Without advance:

P) No proprietary entry

B) Dr 4620 Unobligated Funds Exempt From Apportionment
 Cr 4801 Undelivered Orders – Obligations, Unpaid

With advance:

P) Dr 1410 Advances and Prepayments
 Cr 1010 Fund Balance With Treasury

B) Dr 4620 Unobligated Funds Exempt From Apportionment
 Cr 4802 Undelivered Orders – Obligations, Prepaid/Advanced

4. Record expenses incurred:

Undelivered order previously established (USSGL B107/B402):

P) Dr 6100 Operating Expenses/Program Costs
 Cr 1010 Fund Balance With Treasury
 Cr or 2110 Accounts Payable

B) Dr 480X Undelivered Orders
 Cr 490X Delivered Orders

Undelivered order not previously established (USSGL B107/B402):

P) Dr 6100 Operating Expenses/Program Costs
 Cr 1010 Fund Balance With Treasury
 Cr or 2110 Accounts Payable

B) Dr 4620 Unobligated Funds Exempt From Apportionment
 Cr 490X Delivered Orders

TRUST FUND CORPUS ACCOUNT – GIFTS AND BEQUESTS

Notes: P) Proprietary entries B) Budgetary entries
These sample journal entries are not all-inclusive; just the more common entries

5. Record non-expenditure transfers-out to another bureau (USSGL TC A486):

P) Dr 5765 Nonexpenditure Financing Sources – Transfers-Out
 Cr 1010 Fund Balance With Treasury

B) Dr 4620 Unobligated Funds Exempt From Apportionment
 Cr 4170 Transfers – Current-Year Authority
 Cr or 4190 Transfers – Prior-Year Balances

6. Record non-expenditure transfers-in from another bureau (USSGL TC A482):

P) Dr 1010 Fund Balance With Treasury
 Cr 5755 Nonexpenditure Financing Sources – Transfers-In

B) Dr 4170 Transfers – Current-Year Authority
 Dr or 4190 Transfers – Prior-Year Balances
 Cr 4620 Unobligated Funds Exempt From Apportionment

7. As a non-PP&E donated asset(s) previously received is used or consumed:

P) Dr 6100 Operating Expenses/Program Costs
 Cr 1XXX Assets

B) No budgetary entry