

# Deposits of Incoming Monies by NDSU Departments

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The purpose of this document is to provide guidance to departments in appropriately depositing incoming gift monies received from an external entity, as well as review some of the differences between gifts monies vs. fundraising and NDSU vs. NDSU Development Foundation.

- NDSU and the NDSU Development Foundation are two separate legal entities. NDSU is a part of the state government of North Dakota, while the NDSU Development Foundation is a legally separate foundation, which is tax-exempt under IRS Section 501(c)(3). Since both entities fall under extensive legal and regulatory requirements, it is important to process transactions under the appropriate entity.

## Fund Raising:

- There is a Memorandum of Agreement between NDSU and the NDSU Development Foundation that directs NDSU departments to work with the NDSU Development Foundation on coordination of **all** fund raising campaigns.
- The Foundations coordination of fund raising campaigns for NDSU is critical to its long-term success; in addition the Foundation has extensive experience in development and fund raising, along with administrative processes already in place.
  - This requirement also applies to student groups (example: Fallen Bison Memorial Campaign).
- Contributions resulting from an NDSU Development Foundation fund raising campaign must be deposited at the Foundation, as the donor's intent is clear in this case, regardless of who the check is made payable to; bypassing the Foundation to avoid receipting fees is not allowed.

## Gifts:

Whether a gift from an outside donor is deposited in NDSU funds or at the NDSU Development Foundation **must be based on the intent of the donor, not the sole discretion of NDSU or the Foundation.** The donor's intent should be evidenced by who the payment is made payable too, as well as any supporting documentation which states the purpose of the gift. If a check is received with no supporting documentation by the donor, the department should contact the donor and ask if they could send a letter stating their intent of the gift.

- If the donor makes a payment payable to 'NDSU' or the name of the department, but there is other compelling evidence that supports depositing the money at the Foundation, rather than NDSU, than a Foundation deposit is appropriate.
- If the intent of the donor is unclear, departments should contact the donor to request acceptable supporting documentation, stating the donor's intent of the gift, in order to help determine where to deposit the money.

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## **Review of gift monies received:**

Gift monies (**non-AG, non-Foundation**) received by a department in the amount of \$250.00 and over will need to be reviewed by the NDSU Grant & Contract Accounting Office, before they are deposited. The Grant & Contract Office will review and analyze the documentation to determine whether the gift received is restricted or unrestricted, or in some cases a grant, depending on the supporting documentation received with the gift. The department should send to the Grant & Contract Office both the money received and the supporting documentation with the donor's intent. Gift monies received from external entities (non-Foundation) should be deposited under the revenue codes as follows:

- Account code 478005 (Gifts).
- Account code 478010 (Capital Gifts).

## **Restricted Gifts:**

- If the Grant & Contract Office determines the gift received is of a restricted nature, they will set up a restricted gift fund for the department and deposit the money into that fund. They will then send the department the new restricted fund information, as well as a trial balance showing the deposit, and the tax acknowledgement letter requirements.
  - If NDSU accepts a tax-exempt donation, NDSU becomes responsible for issuing a tax acknowledgment letter to the donor.
- Any future gift monies received by the department that are related to this restricted gift fund, regardless of the dollar amount, will need to be sent to the Grant & Contract Office to be deposited; the department should reference the restricted gift fund number that was previously set up.
- It is the department's responsibility to monitor the spending of the gift monies received; to be sure they are spending the gift as intended by the donor restrictions and matching expenses to their related revenues. In addition, the fund should not be overspent, causing a deficit in the fund.

## **Unrestricted Gifts:**

- If the Grant & Contract Office determines the gift received does not meet the restricted gift test, the money will be considered unrestricted and returned to the department to be deposited in an unrestricted local fund.

## **Grant or Contract:**

- In some cases, the Grant & Contract Office may determine that the gift received should be classified as a grant or contract when certain criteria are met (NDSU Policy 803 Restricted Gift vs. Grant Policy). The Grants Office will contact the department if this is the case.

## **Gifts payable to the Agriculture Division:**

- For gifts to the Agriculture Division, the Agriculture Budget (AG Budget) Office will first review the documentation. If the documentation shows it to be a gift restricted to a program, or more specific restriction, the gift will be classified as restricted and forwarded to the Grant & Contract Accounting Office to follow the restricted gift procedures described above. If the gift does not meet the restricted gift test, it will be considered unrestricted and deposited into an institutional collection fund.

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### **Other Revenues:**

- Any other revenues, such as grants, sales of goods or services, generated and received by an NDSU department must be deposited in NDSU funds, as they are considered 'public funds' under state law. Any exceptions must be approved by the NDSU Accounting Office, and such approval would need to be based on documentation the department generated the revenues on behalf of the NDSU Development Foundation and not NDSU; such an exception would be extremely rare.
- The NDSU Development Foundation's finance department will work closely with the NDSU Accounting Office on any questionable situations where it is unclear as to which entity should process the transaction.