
WVU POLICY

DIVISION OF FINANCE

GIFTS RECEIVED

1. PURPOSE & SCOPE

- 1.1. **Purpose** – To establish requirements for recording gifts, including noncash gifts (such as equipment or property), received directly by units of West Virginia University or by the regional campuses of WVU, in accordance with applicable accounting standards.
- 1.2. **Scope** – This policy applies to all West Virginia University departments, including those on the regional campuses - Potomac State College of WVU, WVU Institute of Technology, Charleston division of the Robert C. Byrd Health Sciences Center, Jackson’s Mill State 4-H Conference Center and Camp, and the WVU Farms – and the West Virginia University Research Corporation.

2. POLICY

2.1 The WVU Foundation (the “Foundation”) exists for the purpose of securing and administering private gift funds to support University programs. Donors should be encouraged to direct all gifts to the Foundation. Occasionally gifts may be sent directly to a specific WVU unit; an outside entity, such as the Foundation or a vendor, may reimburse expenses incurred by WVU units based on contractual or other agreements; or an outside entity may disburse funds on behalf of WVU resulting in an economic benefit to the University. Such transactions should be recorded as gifts on WVU’s books. Transactions that constitute gifts may be categorized as follows–

2.2 **Equipment and Other Assets Purchased for WVU Units**

The Foundation purchases equipment and other assets (for example, library materials) for WVU units out of private funds contributed to the Foundation. The Foundation provides a periodic listing of such purchases to WVU. If these purchases meet the criteria for capitalization per WVU’s capitalization policy, these assets are capitalized on WVU’s books by Financial Projects and Compliance/Property Administration and capital gift revenue is



recorded. If these purchases do not meet the criteria for capitalization, an expense is recorded on WVU's books and gift revenue is recorded.

2.3 Gifts-In-Kind (Donated Assets)

Gifts-in-kind are gifts of physical property intended for use by the institution for its educational or research programs. Examples of gifts-in-kind include computer software, works of art, books, equipment, antiques, coin collections, historical documents, and furnishings. Such gifts are made directly to the Foundation for the use and benefit of WVU. The Foundation transfers such gifts-in-kind to the University. If these assets meet the criteria for capitalization, these assets are capitalized on WVU's books by Financial Projects and Compliance/Property Administration and capital gift revenue is recorded. These assets are tagged and recorded as part of the University's inventory in accordance with WVU's capitalization policy. The Foundation provides a comprehensive list and related documentation for such gifts-in-kind to WVU. Gifts-in-kind are recorded on WVU's books at their fair market value, usually estimated by the donors. Fair market value is defined as an amount that would be received if an asset were sold in an orderly transaction between market participants at the date of sale. Donations of software are recorded at fair market value, less any discounts (educational discounts, for example). If these gifts do not meet the criteria for capitalization, an expense is recorded on WVU's books along with gift revenue.

2.4 Third Party Reimbursement of Expenses Charged to a University Account

2.4.a Reimbursements by the Foundation - If an asset (as defined under WVU's capitalization policy) is purchased, constructed or improved by a WVU unit and the Foundation reimburses all or some portion of the purchase price and/or construction/improvement costs, an asset is recorded on WVU's books at the full cost or fair market value. Any reimbursements that do not meet the criteria for capitalization are recorded as an expense.

These funds may be subject to purpose restrictions or eligibility requirements established by the donor (restricted) or may be unrestricted. If the funds are restricted for capital purposes (for example, building construction/improvements or equipment acquisition), capital gift revenue is recorded. If the funds are unrestricted, gift revenue is recorded.

2.4.b Reimbursements by Other Third Parties - If an asset (as defined under WVU's capitalization policy) is purchased, constructed or improved by a WVU unit and an outside party (other than the Foundation) reimburses all or some portion of the purchase price and/or construction/improvement costs, an asset is recorded on WVU's books at the full cost or fair market value and capital gift revenue is recorded. Any reimbursements that do not meet the criteria for capitalization are recorded as an expense and gift revenue is recorded.



2.4.c Foundation Billing Accounts - The Foundation also reimburses WVU for certain operating expenses paid by the University. Such reimbursement occurs through the use of the Foundation billing accounts. When the expenditure is incurred, it is recorded as an expense on WVU's books. When reimbursement is received from the Foundation, it is recorded as gift revenue.

A gift should not be recorded as a credit to expense (expenditure reduction). This understates both expenses and gift revenue on WVU's books.

2.5 Invoices Paid by an Outside Party on Behalf of WVU

2.5.a Invoices Paid by the Foundation - If an asset, as defined under WVU's capitalization policy, is purchased, constructed or improved by a WVU unit and the Foundation directly pays the vendor on behalf of the University, an asset is capitalized on WVU's books. If the payment does not meet the criteria for capitalization, an expense is recorded on WVU's books.

These funds may be subject to purpose restrictions or eligibility requirements established by the donor (restricted) or may be unrestricted. If the funds are restricted for capital purposes (for example, building construction/improvements or equipment acquisition), capital gift revenue is recorded. If the funds are unrestricted, gift revenue is recorded.

2.5.b Invoices Paid by Another Third Party - If an asset, as defined under WVU's capitalization policy, is purchased, constructed or improved by a WVU unit and an outside party (other than the Foundation) directly pays the vendor on behalf of the University, an asset is capitalized on WVU's books and capital gift revenue is recorded. If the payment does not meet the criteria for capitalization, an expense is recorded on WVU's books and gift revenue is recorded.

2.5.c Lease Payments - If the Foundation or another third party makes payments directly to a vendor for a lease entered into by the University, and the lease meets the definition of a lease per Governmental Accounting Standards Board (GASB) Statement No. 87 ("Leases"), the payment is recorded as a reduction of the lease liability and capital gift revenue is recorded. If the lease does not meet the accounting definition of a lease, the payment is recorded as an expense and gift revenue is recorded. For additional information, refer to the Lease Accounting Policy.

2.5.d Subscription Payments - If the Foundation or another third party makes payments directly to a vendor for a subscription-based IT arrangement (SBITA) entered into by the University, and the SBITA meets the definition of a SBITA per Governmental Accounting Standards Board (GASB) Statement No. 96 ("Subscription-Based IT Arrangements"), the payment is recorded as a reduction of the subscription liability and capital gift revenue is recorded. If the SBITA does not meet the accounting definition of a SBITA, the payment is



recorded as an expense and gift revenue is recorded. For additional information, refer to the Subscription-Based IT Arrangement Accounting Policy.

2.6 Monetary Gifts

Gifts received in the form of cash, checks or credit cards are considered cash gifts and should be deposited in accordance with the Funds Handling Policy. This includes payments from the Foundation on behalf of another WVU unit (for example, for payment of goods or services provided to the WVU unit). Such cash gifts are recorded as gift revenue on WVU's books.

2.7 Fringe Benefits Paid by the Foundation on Behalf of WVU

The Foundation pays certain expenses for WVU employees on behalf of WVU. Examples include moving expenses, retirement gifts and meal expenses. The Foundation provides WVU with a periodic report of these payments made on behalf of WVU. An expense (fringe benefits) and revenue (payments on behalf of the University) are recorded on WVU's books in accordance with Governmental Accounting Standards Board Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance".

For more information, refer to the Capitalization Policy, the WVU Foundation Billing Accounts Policy at <https://financediv.wvu.edu/policies> and the Funds Handling Policy in the Shared Services Knowledge Base.

Other applicable accounting guidance: Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions".

3. DEFINITIONS

- 3.1. **GIFT** – Voluntary exchange of value or benefit from or to another party without directly giving or receiving equal value in exchange.
- 3.2. **GIFT-IN-KIND** – Gifts of physical property intended for use by the institution in its educational or research programs.

4. RESPONSIBILITIES

- 4.1. **Interpretation** – The responsibility for interpretation of this policy rests with the Senior Associate Vice President for the Division of Finance or designee.
- 4.2. **Application** – The responsibility for application of this policy rests with Institutional Accounting, Reporting and Analysis.



- 4.3. **Procedure Development** – The responsibility for procedure development of this policy rests with Institutional Accounting, Reporting and Analysis.

5. AUTHORITY & REFERENCES

- 5.1. WVU Board of Governors Finance & Administration Rule 5.1 Approvals and Delegation of Authority for Financial and Administrative Matters (under consideration for approval and out for public comment).

6. SUPERCEDES

- 6.1. This policy supersedes all other Gifts Received policies, procedures or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this policy.

Signature: Barbara Weiss Date: March 25, 2024

Barbara Weiss
Senior Associate Vice President – Division of Finance

