



WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

Section	07	REVENUE AND ACCOUNTS RECEIVABLE	Effective Date	7/1/2015
Sub-section	02	Gifts and Donations	Revision Date	9/3/2020
SAM Ref	6-2			

BACKGROUND

Gifts, donations, grants, and other contributions to the State of Wisconsin provide a means for members of the public, as well as private organizations, to supplement the operations of state agencies. Such gifts, if restricted in nature, may be accepted to supplement a specific aspect of an agency’s operations. Statutes prescribe the conditions under which gifts may be accepted.

DEFINITIONS

Within this section of the Wisconsin Accounting Manual:

- **Gifts** refers to all revenues from gifts, donations, grants, bequests, and devises from non-governmental sources.
- **Gifts and grants appropriation** refers to a non-federal program revenue revolving appropriation (i.e., a PR or PR-S, not a PR-F appropriation) that has been established within an agency’s Chapter 20 appropriation schedule.

POLICIES

1. ACCEPTING GIFTS AND DONATIONS

Pursuant to s. 20.907(1), Wis. Stats., receipts from gifts, both restricted and unrestricted, shall be legal and valid when approved by the joint committee on finance, unless otherwise provided by law. Gifts shall be executed and enforced according to the provisions of the instrument making the gift.

Approval by the joint committee on finance is not required when an agency has a valid appropriation for this purpose, such as a gifts and grants appropriation. Agencies that do not have a gifts and grants appropriation authorized under their Chapter 20 appropriation schedule are required to obtain approval from the joint committee on finance before these gifts are considered legal and valid. Agencies are typically granted this approval by contacting the State Budget Office to request that an appropriation numeric be established for their agency to receive gifts under s. 20.855(6)(g), Wis. Stats. If the donor provides the gift conditional on a restricted use for an unlawful purpose, then the gift may not be accepted.

2. RECORDING RECEIPT OF GIFTS AND DONATIONS

All gifts should be recorded in a gift-related revenue account code and within a gifts and grants appropriation. Agencies that do not have a gifts and grants appropriation authorized under their Chapter 20 appropriations schedule and receive a gift should contact the State Budget Office for establishment of an appropriation numeric under the authority of s. 20.855(6)(g), Wis. Stats.

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



WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

Section	07	REVENUE AND ACCOUNTS RECEIVABLE	Effective Date	7/1/2015
Sub-section	02	Gifts and Donations	Revision Date	9/3/2020
SAM Ref	6-2			

3. USING GIFTS AND DONATIONS

All funds received from gifts must be expended for lawful purposes under the statutory framework applicable to other state expenditures. More specifically, expenditures of gift funds must be appropriated, and all purchasing, audit, and budgetary restrictions apply, without exception. This interpretation was upheld in an Attorney General’s opinion [62 Wis. Op. Att’y Gen 4 (1973)].

Unless the donor specifically states a use or restriction for the gift, it is assumed that the gift is unrestricted and can be used to supplement normal agency operational expenditures. If the donor specifically states a restriction for the gift, the agency must ensure that it is statutorily allowed, and that the agency can feasibly administer and account for the gift funds in accordance with the donor restricted purpose.

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

If the purpose of the gift is to supplement the funding for some of the salary or fringe expenditures of state employees, then the accounting for the use of the gift will be handled differently as salary and fringe expenditures are tied to authorized 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 expenditures associated with a gift directly to the gifts and grants appropriation. The salary and fringe expenditures 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 expenditures from the original appropriation into the gifts and grants appropriation. Expenditure account codes 7094000 - Salary Transfer and 7294000 - Fringe Transfer should be used to record the transfer out of the original appropriation and into the gifts and grants 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 these expenditures to the gifts and grants 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.

4. PROVIDING RECEIPTS TO DONORS

Gifts to the state may qualify as charitable contributions. IRS Publication 526, entitled *Charitable Contributions*, indicates that a political subdivision of a state, such as a State of Wisconsin agency, qualifies as an organization to receive tax deductible contributions if the contribution is to be used solely for public purposes. Donors will need documentation of the gift in order to claim a tax deduction. Agencies should provide donors with a receipt or acknowledgment that includes the following information: (1) the date the gift was received, (2) a statement that the agency did not provide any goods or services to the donor for the amount given, (3) the amount of the gift, and (4) the agency’s name.



WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

Section	07	REVENUE AND ACCOUNTS RECEIVABLE	Effective Date	7/1/2015
Sub-section	02	Gifts and Donations	Revision Date	9/3/2020
SAM Ref	6-2			

5. VALUATION

The valuation of gifts, including in-kind gifts, 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 should not be recorded as revenues in the ACTUALS ledger; however, there may be GAAP reporting implications that the agency should consider by reviewing the *Uniform GAAP Conversion Policies and Procedures Manual*.

6. REPORTING

Pursuant to 20.907(1m), Wis. Stats., by December 1 annually, state agencies shall submit a report to the joint committee on finance and DOA on expenditures made by the agency during the preceding fiscal year from non-federal funds received as gifts.

Form DOA-6039 has been created to fulfill this reporting requirement. Agencies are also required to include a listing of in-kind contributions, including goods and services, both received and used during the preceding fiscal year. The form’s instructions provide additional details on the reporting requirements and submission instructions. Note that confirmation must still be provided to both DOA and the Joint Committee on Finance, even if the agency did not expend any funding from non-federal gifts and grants during the preceding fiscal year.

7. AUDIT

Pursuant to ss. 16.004(6) and 20.907(4), Wis. Stats., DOA may audit gift expenditures to ascertain whether they are lawfully made and authorized by the proper authorities of such state agency.