Manual of Accounting

Policies and Procedures

Bridgewater State College Foundation
Bridgewater Alumni Association
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**MANUAL OF ACCOUNTING**  
POLICIES AND PROCEDURES  
BRIDGEWATER STATE COLLEGE FOUNDATION  
BRIDGEWATER ALUMNI ASSOCIATION  
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Purpose

The purpose of this manual is to provide policy for daily accounting operations of the Bridgewater State College Foundation and the Bridgewater Alumni Association. Both organizations administer funds for Bridgewater State College generated from individual and corporate gifts and donations. Both also authorize expenditures for such items as research, faculty support, scholarships, and equipment. Though each is a distinct organization with independent trustee boards they are affiliated by common management. In the instance where policies are consistent between the two organizations they will be referenced together, and referred to separately only in the instance that policy differs.

Definitions

For the Purpose of this document:

• Bridgewater State College Foundation will be referred to as “Foundation”

• Bridgewater Alumni Association will be referred to as “Alumni Association”

• Bridgewater State College and any organization or department of Bridgewater State College will be referred to as “College”

• Bridgewater State College Foundation and the Bridgewater Alumni Association will be referred to together as “Agent”

• All employees responsible for gift accounting will be referred to as “Office of Development”
Administrative Guidelines

• All contributions, including endowed, restricted and unrestricted funds, are the property of the Foundation or the Alumni Association. Any restrictions placed on donations will be included in the standard bookkeeping procedures for the Agent.

• In order to establish an endowment account, the principal fund must reach $10,000.

• Any contributions or expenditures that would endanger the non-profit status of the Agent will administratively be refused.

• All non-cash gifts to the Agent will be accepted in keeping with approved policy. Valuation of any such gift will be the responsibility of the donor.

• All staff handling funds are bonded.
Gift Accounting

FASB 116 defines a contribution as “an unconditional transfer of cash or other assets to an entity, or a settlement or cancellation of its liabilities in a voluntary non-reciprocal transfer by another entity acting other than as an owner. Other assets include securities, land, buildings, use of facilities or utilities, material and supplies, intangible assets, services, and unconditional promises to give those items in the future.” Any gifts received by the College should be delivered to the Foundation.
Gifts of Cash

- Delivery
  Gifts in the form of checks or cash, including receipts for the sale of items involved in a fund raising project or activity, may be for immediate use in general support of the College (unrestricted), for specific use through donor-specified restrictions, or for endowment purposes. The Office of Development is responsible for the deposit of all receipts into the appropriate fund to which are made to the appropriate account no later than two business days after receipt.

- Deposit
  All gifts will be processed as follows:
  
  1. Gifts are separated from the mail and the supporting material date stamped. If supporting material is not provided, the envelope shall be considered supporting material.

  2. If the supporting material does not provide the donor identification number, the number will be researched and marked on the supporting material.

  3. The check number and amount will be noted on the supporting material.

  4. A copy of the check will be made and included in the supporting material for gifts greater than $1,000.

  5. Gifts will be entered into the general ledger and deposited into the appropriate account within two business days of receipt.

  6. Acknowledgement to the donor will be made within two business days of receipt. A printed receipt or signed letter shall be used as acknowledgement according to the Acknowledgement Chart, attachment A
- **Recognition**

  Gifts are to be recognized on the day received at the Office of Development. Specifically, gifts are **not** to be recognized:

  1. On the postmark date of the envelope.

  2. On the check date.

  3. On the date received at the Agent’s post office box.

  Any constituents concerned with tax issues related to the gift date should be referred to their tax accountant for advice.
Gifts of Securities

- Delivery

A donor may make a gift to the College, Foundation or Alumni Association in either of the following methods:

1. Delivery of Securities. Certificates belonging to the donor should be sent only by certified mail, registered mail, courier, or in person. A stock power form signed by the donor, naming the Foundation as transferee should be sent in a separate envelope via certified mail, registered mail, courier, or in person.

2. Transfer of Securities. Donors may instruct their brokers to transfer the securities to the Foundation. The broker should immediately notify the Executive Director of the Foundation of the gift by telephone and request instruction for the proper handling of these securities.

Unless specifically instructed by the donor, the Foundation should immediately sell the securities and invest the proceeds appropriately according to the existing investment policy.

- Recognition

Gifts of securities shall be recognized on the day that the donor relinquishes control of the securities. Generally, this occurs on the day the Office of Development receives the certificates, or on the day the securities were transferred to the Foundation.
Measurement

In accordance with CASE Management Reporting Standards, gifts of securities shall be valued at the average of the high and low quoted selling price on the date of recognition. If the security is not traded on that date, it shall be valued at the date of the most recent sale.

Neither gains nor losses realized by the Foundation’s sale of the securities after receipt, nor the brokerage fees or other expenses associated with the transaction should affect the value of the gift. These gains or losses, and any related expenses shall be charged to the fund receiving the gift.
Gifts of Real Property

- Delivery
  Notice of an intended gift of real property, and any correspondence regarding
delivery of a gift of real property to the College must be given to the Executive
Director of the Foundation. The Executive Director will consult legal counsel and
obtain the necessary approval of the College Board of Trustees before any property
is accepted.

- Recognition
  Gifts of real property shall be recognized on the day that the donor relinquishes
control of the property.

- Measurement
  In accordance with CASE Management Reporting Standards, gifts of real property
with fair market values of more than $5,000 should be recorded at the value placed
on them by a qualified independent appraiser, as required by the IRS for valuing
non-cash charitable contributions. Gifts of $5,000 or less may be recorded at the
value place on them by a qualified independent appraiser or the value declared by
the donor or the value determined by a qualified expert on the faculty or staff of the
College, Foundation or Alumni Association.
**Gifts-in-Kind**

Gifts-in-kind are defined as non-cash assets - such as property, equipment, inventory and services – that are donated from *resource providers*.

- **Delivery**
  
  Notice of an intended gift-in-kind, and any correspondence regarding delivery of a gift-in-kind to the College must be given to the Executive Director of the Foundation. The Executive Director will consult legal counsel and obtain the necessary approval of the College Board of Trustees before any property is accepted.

- **Recognition**
  
  Gifts-in-kind shall be recognized on the day the donor relinquishes control of the property or provides the donated service.

- **Measurement**
  
  Gifts-in-kind that can be used or sold should be measured at fair market value. In determining the value, consideration should be given to any applicable discounts that would have been received if the assets had been acquired in an exchange transaction. Generally, the donor should provide a value to the gift-in-kind via invoice.
Accounts Payable

The administrative guidelines for the Foundation and Alumni Association differ to a certain extent in that (1) the Alumni Association does not hold unrestricted funds for general designation and (2) each organization has distinct authority over its disbursements.

Administrative Guidelines

Foundation

• All operations-related expenditures are authorized according to a budget approved by the budget & finance committee and ratified by the executive committee.

• The Executive Committee as recommended by the Executive Director authorizes all non-operational expenditures from the unrestricted fund.

• All restricted expenditures are authorized according to the documentation governing any restrictions placed on the principal and are reviewed by the Executive Director.

Alumni Association

• All operations-related expenditures are authorized according to a budget approved by the budget & finance committee, ratified by the executive committee and approved by the Foundation.

• All restricted expenditures are authorized according to the documentation governing any restrictions placed on the principal and are reviewed by the Director of Alumni Relations.


**Purchase Order System**

The Foundation and Alumni Association use a numbered purchase order system for accounts payable. Purchase orders serve as the authorizing document for Foundation and Alumni Association disbursements, identify a single vendor (though not necessarily a single invoice), and designate the appropriate expense category. Purchase orders represent a liability or encumbrance of funds and should be booked upon approval. Checks should be cut on approved purchase orders no less than once per week to insure timely payment of liability.

- The distinct identification number of each purchase order serves as the transaction identification number.

- Purchase orders must have supporting documentation of the following type:
  1. An invoice requesting payment to a vendor, or
  2. Request for reimbursement accompanied by paid receipts or an indication that the bill has been paid.

- Foundation purchase orders must have signed authorization and approval from one of the following:
  1. The Executive Director
  2. The Director of Annual Giving
  3. The Director of Planned Giving

- Alumni Association purchase orders must have signed authorization and approval from the Director of Alumni Relations.

- All invoices must be assigned to an approved purchase order for payment.
Check Authorization

Any check in an amount greater or equal to $1,000.00 must have a dual signature. The officers authorized to sign Alumni Association checks are:

1. President
2. Vice President
3. Treasurer
4. Any other person designated by the President.

The officers authorized to sign Foundation checks are:

1. Chairman
2. Vice Chairman
3. Treasurer
4. Any other person designated by the Chairman.

Additionally, the Vice President of Institutional Advancement of Bridgewater State College is authorized to make the second signature on checks of both the Foundation and Alumni Association.
Internal Control

**Definition of Internal Control**

Internal control includes both accounting and administrative control.

- **Accounting Control**

  Accounting control is defined as: “the plan of organization and the procedures and records that are concerned with the safeguarding or assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

  1. Transactions are executed in accordance with management’s general or specific authorization.

  2. Transactions are recorded as necessary (a) to permit generally accepted accounting principles or any other criteria applicable to such statements and (b) to maintain accountability for assets.

  3. Access to assets is permitted only in accordance with management’s authorization.

  4. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any difference.”

- **Administrative Control**

  Administrative control is defined as: “the plan of organization and the procedures and records that are concerned with the decision process leading to management’s authorization of transactions. Such authorization is a management function directly associated with the responsibility for achieving the objectives of the organization and is the starting point for establishing accounting control of transactions.”
Standards of Internal Controls

The main internal control standards are the following:

1. Internal control systems should contain control objectives designed for all aspects of a department’s operations, including financial, administrative and program. These objectives should be supported by administrative procedures designed to enforce the control objectives.

2. Internal control systems should be designed to provide reasonable assurance that the control objectives will be met. This standard recognizes that both control objectives and procedures should be based on management’s assessment of risk and cost/benefit analysis.

3. All staff, not just managers, should understand, promote and support the department’s internal control system. This indicates that internal control procedures should be part of the department’s day to day operations, not a separate series of activities. Further, this standard suggests that managers must respond actively and positively to documented weaknesses in internal controls. Such weaknesses may be identified by department personnel or external sources (i.e. auditors).
**Gift Controls**

Internal control of gifts exist to insure that all revenues are recorded accurately and on a timely basis without loss. The gift accounting process outlined above should incorporate these specific controls:

**Delivery of gifts:**

- Every effort should be made to discourage the delivery of gifts directly to an employee or representative of the Agent. A gift that is accepted by a representative of an Agent has, in effect, been delivered to the Agent; the gift is considered delivered upon the acceptance of the gift by the representative, not when the representative delivers the gift to the Development Office. As such, it is imperative that any representative accepting a gift delivers the gift to the Development Office on the next business day. Delivery of the gift to the Development Office can be made only by securing the gift in the locked safe, or by depositing the gift in the appropriate account. It is imperative that gifts not be left in an internal staff mailbox or on a staff member’s desk.

- Any gifts received by mail will have a date stamped placed on the supporting document at the time of receipt. This date will serve as the gift recognition date.

**Deposit of gifts:**

- All deposits made will be verified for accuracy before delivery to the appropriate account on an adding machine tape, and the returned bank slip will be verified to the deposit slip.
Accounts Payable Controls

Internal control of accounts payable exist to insure that all expenses are recorded accurately and on a timely basis. The accounts payable process outlined above should incorporate these specific controls:

• All blank checks must be stored in a secure location.

• A check register must be maintained which will note the number and payee of each check. Any missing checks will be investigated immediately.

• All invoice balances will be checked to the purchase order and variances will be noted. If the purchase order is insufficient to cover the invoice, written permission must be obtained to increase the expenditure.
Miscellaneous Asset Controls

Internal controls over assets exist to insure that these assets remain secure. Nearly all of the assets of each Agent are cash based, requiring frequent reconciliation of accounts. The accounting process should incorporate these specific controls:

• All checking, savings and investments accounts will be reconciled monthly, or as often as statements are received. Each reconciliation will be reviewed and approved by the Executive Director.

• Petty cash shall not exceed $100.00 at any given time. Reconciliation of the petty cash fund shall be made monthly, or as often as needed for replenishment. Petty cash may not be used for personal purchases and the issuing of IOU’s will not be permitted. The reconciliation will be reviewed and approved by the Executive Director.

• All software CDs and original disks will be stored in the locked safe, or with the college’s Information Services department.

• Alumni Association inventory will be stored in the attic at the Davis Alumni Center, which shall remain locked at all times.

• Postage permit balances will be updated monthly. Any unusual change in balance will be investigated.