

Private Grants and Donated Funds (FMC 4.3 – April 1, 2024)

Section 1 – Background: The purpose of this FMC is to provide oversight and accountability for private grants and donations. IC 4-8.1-1-3 requires that all donations received by the State shall be deposited into the General Fund unless the donor restricts the donation to another fund or for a specific purpose.

Private grants are generally a restricted award that is made with certain expectations, deliverables, and/or required uses. A private grant is often documented by a written agreement.

Donations can be a restricted or an unrestricted gift of cash or property made to an organization to help it accomplish its goals for which the donor receives nothing of value in return. As explained above, unrestricted donations shall be deposited into the General Fund.

For the purposes of this FMC, private grants and restricted donations are subject to the same requirements and expectations as they both have restricted uses set by the grantor or donor.

This FMC does not apply to nonprofit foundations created by Indiana code and administered by state agencies.

Section 2 – Prior Approval: Any agency may accept a private grant or donation; however, private grants and restricted donations above \$5,000 require written approval from the State Budget Agency (SBA) prior to acceptance by the agency.

When seeking approval for private grants and/or restricted donations, agencies must submit the following information in writing to their SBA Budget Analyst using the attached form:

- Name of private grantor or donor,
- Amount being requested, granted, and/or donated,
- Required use of the private grant and/or restricted donation with discussion of how this use fits within the mission of the agency,
- Required state funding match (if applicable),
- Whether the funding from the grantor or donor will be provided in advance or on a reimbursement basis (if on a reimbursement basis, include a justification),
- Time period in which the private grant and/or restricted donation must be used, and
- Any reporting requirements made by the grantor or donor.

Agencies are highly encouraged to submit this information to their SBA Budget Analyst prior to applying for a private grant (or restricted donation when applicable) in order to avoid any concerns at the time of acceptance of the private grant or restricted donation. No agency shall accept any private grant or restricted donation that pledges the agency to perform any acts other than those which align with the agency's mission and/or statutory responsibilities.

Donations in which the only restriction by the donor is that they be placed in a specific, statutorily created dedicated fund (legal fund) do not require SBA approval for acceptance.

Furthermore, a donation in which the only restriction is that it is in the name of an agency or department does not require SBA approval for acceptance and shall be deposited in that agency's or department's donation fund.

As a reminder, agencies are required to enter into a contractual grant agreement with the grantor when receiving private grants in order to memorialize expectations, deliverables, and/or required uses. Contractual grant agreements must be processed through SCM and signed by IDOA, SBA, and OAG.

Section 12 of the Indiana Constitution prohibits the State from becoming a stockholder in any corporation or association. Any agency potentially receiving a donation of stock must consult with the Treasurer of State prior to acceptance in order to determine the proper methodology for liquidating the asset.

Section 3 – Dedicated Fund: Both private grants and restricted donations must be used in the manner that is consistent with the restrictions and placed in a special dedicated fund. If the donor specifies an existing fund of the agency, then that fund shall receive the donation. However, if no fund is specified, and the agency does not have a dedicated fund set up for private grants and/or restricted donations, they must work with SBA to set up a fund for donations. These funds are subject to allotment by SBA.


Agencies should deposit cash and check donations in accordance with the State Board of Accounts Uniform Compliance Guidelines Manual. Agencies should record unrestricted donations to the Undesignated Donations (463280) account and restricted donations to the Designated Donation (463050) account unless the agency has a specific restricted donation account established.

Agencies must have an internal control to separately track all revenues and expenditures for each private grant or restricted donation. For each private grant or restricted donation, the agency shall create a tracking project in PeopleSoft Financials for the purpose of reporting on the use of the funds.

Section 4 – Donations of Personal and/or Real Property: Agencies may accept donations of personal and/or real property subject to the following rules:

- Donations given to the agency become the sole property of the State. If the donation consists of personal property, the donor is required to fill out a deed of gift relinquishing all ownership rights in the property to the agency.
- Accepted donations of real and/or personal property are accepted with the understanding that the item may be sold, given away, or otherwise disposed of at the discretion of the agency consistent with state law and the State Board of Accounts Uniform Compliance Guidelines Manual. Any proceeds derived from such disposal shall be deposited in a fund consistent with the donor's original intent and must be used by the agency in a manner consistent with the restrictions set by the donor.
- Personal and real property must be recorded in compliance with the State Capital Asset Policy and the State Board of Accounts Uniform Compliance Guidelines Manual Chapter 8 – *Capital Asset Accounting*. This includes recording the donated asset to the PeopleSoft Financials' Asset Management module.
- No agency shall accept a donation of personal and/or real property which would create an indebtedness against the State of Indiana or any of its agencies.
- If the donor is considering a tax deduction and wishes to have the personal and/or real property appraised, they shall do so prior to making the donation. The agency will not perform appraisals. Acceptance of a donation of personal and/or real property which has been appraised does not in any way imply endorsement of the appraisal by the agency.

Section 5 – Acknowledgement of Donation: As a reminder, donations to an agency may be tax deductible. The agency must formally acknowledge acceptance of a donation with a receipt or letter for any donation over \$250, or if the donor requests an acknowledgement letter. The acknowledgement letter will not include a statement of value for non-monetary donations but must include a description of the non-cash donation. The acknowledgement must also include a statement that no goods or services were provided by the organization in return for the contribution. If there were good or services provided by the agency in return for the contribution, the agency must provide a description and good faith estimate of the value of goods or services provided by the agency. If the donor wishes to have a list of items referenced in the acknowledgement, the donor should provide that list to the agency for attachment or inclusion in the acknowledgement letter. Public acknowledgement of a donation is at the discretion of the agency. For further information on acknowledgment letters, see IRS publication 1771.



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