11.6 Accounting for Fundraising and Development Expenses

Policy Statement

Units must ensure that fundraising and development expenses (i.e., costs incurred to solicit and obtain gifts from donors) are properly classified and accounted for within Banner.

Reason for the Policy

To ensure fundraising and development expenses are properly classified and accounted for within Banner, which allows for analysis and evaluation of the University of Illinois System's fundraising and development efforts in addition to ensuring that these fundraising and development expenses are properly excluded from the system's Indirect Cost Study.

Applicability of the Policy

All units who incur fundraising and development expenses.

Procedure

To ensure that fundraising and development expenses are properly classified and accounted for in Banner, refer to the guidelines and procedural steps below:

1. Identify all fundraising and development expenses incurred which are directly tied to overt donor solicitation efforts. Examples include, but are not limited to, expenses such as the following:

    a. Development officer salaries and benefits;

    b. Development office operating expenses, including but not limited to costs such as: staff travel; staff training; staff equipment; office supplies and stationery; printed materials used in fundraising efforts; etc.;

    c. Expenses to publicize and conduct fundraising campaigns;

    d. Expenses for direct mailings which solicit donations;

    e. Expenses incurred in cultivating and soliciting donations (such as the cost of a meal with a potential donor);

    f. Expenses incurred for major donor cultivation events, development campaign meetings, or development committee events;

    g. Expenses incurred in acknowledging gifts and providing stewardship services to both current and prospective donors; and

    h. Expenses for holding fundraising events such as fundraising galas, silent auctions, ad hoc fundraising events (such as t-shirt or bake sales), etc.

2. Identify expenses related to advancement, alumni relations, and public affairs activities to ensure that these costs are **not** classified as a fundraising or development expense. Since these costs are **not** related to direct donor solicitation efforts, they should **not** be factored into the analysis of fundraising and development efforts. Examples include, but are not limited to, expenses such as the following:

    a. Expenses to publish a monthly alumni relations magazine or an annual departmental newsletter where the primary purpose of the publication is to maintain positive alumni relations;

    b. Expenses to organize and host reunion events throughout the year (such as during homecoming) for alumni and/or retired employees.

3. Ensure all fundraising and development expenses are properly classified and accounted for using an appropriate fundraising C-FOP accounting string within Banner by following the guidelines below:

    a. Fundraising and development expenses may be charged to a variety of fund types, such as State, Indirect Cost Recovery (ICR), Administrative Allowance, Gift, or Endowment Income. Determining how to account for these fundraising and development expenses varies depending on the type of fund used.

    b. If the fundraising and development expenses are charged to a fund type which utilizes unique Program codes (such as State, ICR, or Administrative Allowance – see Overview of Banner Program Codes & NACUBO Functions), then a unique Program code containing the following characteristics should be used to account for these expenses:

        (i) a Banner Program Title containing the word “Fundraising”;

        (ii) a Banner Predecessor Program code ending in “99” (i.e., 1099, 1199, 1299, 1399, 1499, 1599, or 1699); and

        (iii) an assigned Banner A-21 code of “UFR” (Unallowable Fundraising).

        University Accounting and Financial Reporting (UAFR) will ensure all proper coding is assigned to the new Program code in Banner, as long as the related Banner Fund, Program, Index Code Request Form clearly states that the new Program code will be used to account for fundraising and development expenses.

    c. If the fundraising and development expenses are charged to a fund type which utilizes generic program codes (such as Gift or Endowment Income – see Appendix 2 of Overview of Banner Program Codes & NACUBO Functions), then a unique Fund code containing the following characteristics should be used to account for these expenses:

        (i) a Banner Title containing the word “Fundraising”;

        (ii) a default generic Program code (e.g., 191399) which rolls up to a Banner Predecessor Program code ending in “99” (i.e., 1099, 1199, 1299, 1399, 1499, 1599, or 1699); and

        (iii) an assigned Banner A-21 code of “UFR” (Unallowable Fundraising).

        UAFR will ensure all proper coding is assigned to the new Fund code in Banner, as long as the related Banner Fund, Program, Index Code Request Form clearly states that the new Fund code will be used to account for fundraising and development expenses.

4. Provide an adequate amount of funding or expense budget to the applicable fundraising C-FOP accounting string within Banner to ensure that no deficits exist by the end of the fiscal year. Follow the guidelines below to ensure this funding is provided using the proper accounting methods:

    a. To provide funding for fundraising and development expenses which posted to a State, ICR, or Administrative Allowance C-FOP, complete a Budget Adjustment Request (BAR) Form, requesting a temporary budget exchange from another State, ICR, or Administrative Allowance C-FOP to the fundraising C-FOP. Submit the completed form to the applicable university Budget Office for review, approval, and processing.

    b. To provide funding for fundraising and development expenses which posted to a Gift or Endowment Income C-FOP, complete a funds transfer via a journal voucher, following the guidelines listed below:

(i) Fund transfers from/to a Gift fund (Fund Type 4M) to/from an Endowment Income fund (Fund Type 4J) are unallowable.

(ii) Debit (**+ Plus**) an appropriate Gift or Endowment Income fund and credit (**- Minus**) the fundraising Gift or Endowment Income fund, using a 104 Rule code and the 417001 Account code on both sides of the entry. See the applicable Gift Funds FAQ for more details.

(iii) Debiting an unrestricted Gift or Endowment Income fund is a common and allowable funding source for these types of transactions.

(iv) Debiting a restricted Gift fund for these types of transactions may be allowable in certain circumstances. For example, if a restricted Gift fund contains non-gift revenue in the 303242 Account code which was generated from a fundraising event (such as a silent auction, t-shirt sales, bake sales, etc.), then that restricted Gift fund could be debited for an amount up to (but not exceeding) the total revenue within the 303242 Account code.

Related Policies and Procedures

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Additional Resources

Overview of Banner Program Codes & NACUBO Functions
Banner Fund, Program, Index Code Request Form
Budget Adjustment Request (BAR) Form
Budget Office
Gift Funds FAQ