

## **4 FAM 380 GIFT FUNDS**

*(CT:FIN-396; 12-01-2008)*  
*(Office of Origin: RM/FPRA/FP)*

### **4 FAM 381 GENERAL**

#### **4 FAM 381.1 Scope**

*(CT:FIN-396; 12-01-2008)*

- a. This subchapter discusses the accounting for gift funds accepted by the Department of State. This includes fund 19X8821 for unconditional gifts and 19X8822 for conditional gifts. The policy for solicitation and/or acceptance of gifts made for the benefit of the Department or for carrying out its functions is described in 2 FAM 960, *Solicitation and/or Acceptance of Gifts by the Department of State*. For more detailed accounting procedures and coding requirements, see RM's Gift Fund Standard Operating Procedures (informally known as the Gift Fund Manual.)
- b. Gift funds are receipts that are held in trust for use in carrying out specific purposes and programs in accordance with agreements or statutes. Pursuant to statutes listed in this FAM and 2 FAM 960, the Department is authorized to accept certain gift funds to benefit the Department of State or to carry out its functions. *The Department of the Treasury has authorized gift fund accounts for the Department to use in accounting for these funds..*
- c. The guidelines in this subchapter include gifts of invitational travel for consultations, speakers, and gifts from foreign governments under 22 U.S.C. 2697 and 5 U.S.C. 7342. Invitational travel from non-Federal sources accepted under 31 U.S.C. 1353 for travel to a "meeting or similar function" is not accounted for as part of the gift fund and is therefore not detailed in this subchapter.

#### **4 FAM 381.2 Authorities**

*(CT:FIN-390; 03-28-2008)*

The authorities in this subchapter include:

- (1) State Department Basic Authorities Act of 1956, Sec. 25, as amended (22 U.S.C. 2697);
- (2) Mutual Educational and Cultural Exchange Act, Sec. 105(f), as amended (22 U.S.C. 2455(f));
- (3) Ethics Reform Act, as amended (31 U.S.C. 1353);
- (4) Foreign Service Buildings Act of 1926, Sec. 9, as amended (22 U.S.C. 300);
- (5) Foreign Gifts and Decorations Act, as amended (5 U.S.C. 7342 and 22 CFR Part 3);
- (6) 41 CFR Sections 301 and 304;
- (7) 5 U.S.C. 4111 and 5701-5709; and
- (8) Public Law 80-402.

## **4 FAM 381.3 Definitions**

*(CT:FIN-390; 03-28-2008)*

Several terms are used throughout this subchapter: gift, employee, and representational use. The definitions are contained in 2 FAM 961.4.

## **4 FAM 381.4 Responsibilities of Gift Fund Manager**

*(CT:FIN-390; 03-28-2008)*

- a. The Under Secretary for Management and the Chief Financial Officer have delegated the responsibilities of "Gift Fund Manager" to the RM program officer located in the Office of the Chief Financial Officer (RM/CFO) to oversee the administration of the Department's gift funds.
- b. Except as provided for in 2 FAM 960, acceptance of gifts of funds must be approved on a case-by-case basis in advance. The Gift Fund Manager must approve all gift funds received domestically by the Department of State, with the exception of gifts provided to the Fine Arts Committee for the benefit of the Diplomatic Reception Rooms. The Fine Arts Committee for the Diplomatic Reception Rooms (M/FA) maintains its gift funds independently.

## 4 FAM 382 TYPES OF GIFT FUNDS

### 4 FAM 382.1 Classification of Gifts

*(CT:FIN-390; 03-28-2008)*

- a. Gifts are classified as either unconditional gifts or conditional gifts. Section 25 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2697) authorizes the Department to accept unconditional gifts and, at the discretion of the Secretary of State, conditional gifts. The Department prefers that gifts to the Department be offered without conditions for purposes of accounting and allocation:
  - (1) **Unconditional gifts** are gifts that the Department may use for any lawful purpose. Donors may express nonbinding preferences in how they wish the Department to use their gifts. Generally, the donor states a preference or gives guidance regarding the future disposition or use of the gifts;
  - (2) **Conditional gifts** are gifts offered by which the Department agrees to use the gift in the manner specified by the donor. By accepting such gifts, the Department is bound by the terms of the donor. However, no conditional gift may be accepted that is based upon any expenditure that cannot be met by the gift or the income from the gift, unless such expenditure has been approved by Congress.
- b. Gifts may be accepted for any purpose that the Department is authorized to carry out. Examples of some of these gifts are:
  - (1) Public Diplomacy (see 2 FAM 962.1-7);
  - (2) Embassy Refurbishment Projects and Gifts of Property (see 2 FAM 962.1-4 and 2 FAM 962.1-3, respectively);
  - (3) Representational purposes, such as trade promotions, nonprofit events, or Fourth of July events (see 2 FAM 962.1-5 and 2 FAM 962.1-6);
  - (4) Gifts of travel (see 2 FAM 962.1-8); and
  - (5) FSN Emergency Relief Fund (see 2 FAM 962.1-10).

## 4 FAM 383 GIFT FUND ACCOUNTS

### 4 FAM 383.1 Available Receipts

*(CT:FIN-396; 12-01-2008)*

Collections to the gift fund accounts are available receipts. Under law or trust agreements, they are immediately available in their entirety as appropriations to a single agency for expenditure without further action by the Congress. In order to assure that collections of available receipts are properly recorded by the Department of the Treasury, separate receipt and expenditure accounts are used. The receipt and expenditure accounts for gift funds are listed in 4 FAM 383.2. Receipt accounts have a point limitation (.1, .2, etc.), depending on the source of the funds. The no-point account limitation is the expenditure account and is used to record amounts appropriated from trust fund receipts.

### 4 FAM 383.2 List of Funds

*(CT:FIN-396; 12-01-2008)*

Fund Symbol	Title and Purpose
<b>19x8821</b>	Unconditional Gift Fund (Expenditures)
19X8821.1	Unconditional Gift Fund (Receipts)
19X8821.2	Earnings on Investments, Unconditional Gift Fund
<b>19X8822</b>	Conditional Gift Fund (Expenditures)
19X8822.1	Conditional Gift Fund, General (Receipts)
19X8822.2	Earnings on Investments, Conditional Gift Fund, General

Activities under these funds are cited in the 4 FAH-1 H-621.8.

### 4 FAM 383.3 Investment of Gift Funds

*(CT:FIN-390; 03-28-2008)*

The Department of State authorizes the investment of the gift funds under section 25 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2697). These accounts are maintained for earnings on investments in U.S. Treasury securities. The Office of the Deputy Assistant Secretary for Global Financial Services (RM/GFS) performs this function and

follows RM's gift fund standard operating procedures.

## 4 FAM 384 ADMINISTRATIVE AND ACCOUNTING PROCEDURES

### 4 FAM 384.1 Acceptance of Gifts

*(CT:FIN-396; 12-01-2008)*

- a. Agency officials having authority to accept gifts should generally encourage donors to describe such gifts as "unconditional," although they may request that the gift be used for a specific purpose or event. This will maximize flexibility should a balance remain upon completion of the intended use. Donors may seek advice from the Gift Fund Manager on matters related to acceptance of accounting and acknowledgement of gifts.
- b. **Monetary gifts:** A donor's check must be made payable to the "Department of State," accompanied by a donor's letter describing the purpose of the gift. Although rare, gifts of cash may be accepted and processed in accordance with RM's gift fund standard operating procedures.
- c. **Gifts in-kind:** Individuals with the authority to accept gifts should immediately record or direct the recording of the acceptance in accordance with Department guidance on accounting of Government property. At the end of each fiscal quarter, submit a report through the bureau executive office or post management office to the RM Gift Fund Manager. The RM Gift Fund Manager will compile an annual report giving the total valuation of gifts received, accepted, and utilized by each element of the Department for program, project, or administrative purposes.
- d. Gifts of goods or cash must have a donor letter. Provide a copy of the donor letter to the RM Gift Fund Manager. (See 2 FAM Exhibit 962.3, *Sample Donor Letter (Individual Donor)*).
- e. **Acknowledgment letter:** It is the responsibility of the individual with the authority to accept gifts to acknowledge receipt and acceptance in a written response.
- f. Additional information on solicitation and acceptance of gifts is found in 2 FAM 960.

## **4 FAM 384.2 Valuation**

*(CT:FIN-390; 03-28-2008)*

- a. Valuations for gifts in-kind generally should be consistent with the amount declared by the donor, if any. The Department accepts the donor valuation but does not verify acceptance of the amount with the Internal Revenue Service (IRS). Donors' gifts may be subject to a personal donor audit by the IRS.
- b. Individual U.S. citizens and corporations may be eligible to take a Federal tax charitable deductible for gifts to the Department subject to the limits in section 170 of the Internal Revenue Code and other IRS guidelines. Contributions made to the Department to be used for the continued support and growth of the Fulbright Commission may also be deductible by donors in the manner and to the extent provided by Section 170 of the Internal Revenue Code. Such contributions must be made payable directly to the Department, with a request that it be used to further stated Department purposes.
- c. Contributors should seek advice from their own tax adviser or attorney as to the deductibility or other tax treatment of any gifts to the Department.

## **4 FAM 384.3 Deposits to Gift Fund**

*(CT:FIN-390; 03-28-2008)*

- a. Domestic:
  - (1) RM/CFO deposits the donor's check into the Treasury General Account and notifies RM/GFS. The Office of the Deputy Assistant Secretary for State Programs, Operations and Budget (RM/BP) processes allotment increases once all documentation is received and the receipt is verified in the accounting system. Secure all checks and cash in a safe until deposited. If clarification is needed as to the intent of the donation, RM/CFO follows up with the donor and consults with L before depositing the check in a specific account;
  - (2) RM/CFO maintains the gift fund database with pertinent information for processing, such as the amount, date of donation, and intent of donation;
  - (3) RM/CFO deposits the check directly into the Treasury General Account using Form SF-215, Deposit Ticket, and retains a record copy. RM/CFO will comply with all the pertinent U.S. Treasury

regulations on deposit of receipts; and

- (4) RM/CFO prepares a gift check deposit spreadsheet with the necessary accounting information to track and verify the recording of collections into the financial management system. Refer to 4 FAM 383 and RM's gift fund standard operating procedures for specific coding instructions.

b. Overseas:

- (1) Funds are deposited by agency official having authority to accept gifts with the cashier. The cashier records the collection in the appropriate gift fund account using Form OF-158, General Receipt. Refer to 4 FAH-1 H-621.8 and standard operating procedures for gift funds for specific coding instructions;
- (2) Post sends a cable or other written acknowledgement to the regional bureau that a deposit has been made. The regional bureau serves as the liaison between the post, RM/BP, and the Office of the Deputy Assistant Secretary for Global Financial Services (RM/GFS) concerning the allotment of funds back to the post. The cable must include the total amount of the deposit in U.S. dollars, appropriation, revenue source code, name of donor, statement describing the purpose of the gift, date, and voucher number and;
- (3) Post records the collection in the accounting system (via download from the cashiering system).

- c. The suspense deposit abroad (SDA) account should not be used for the collection (or expenditure) of any gifts, including donations to Fourth of July events (see 4 FAM 386).

## 4 FAM 384.4 Disposition of Deposited Funds

*(CT:FIN-390; 03-28-2008)*

The RM Gift Fund Manager consults with Department bureaus or financial management officers on utilizing gift funds and determines which contributions should be allotted for immediate use and which can be invested:

- (1) **Allotment of funds:** After confirming with RM/GFS that funds have been recorded, RM/BP will either allot the funds or provide allotment authority upon receipt of required documentation. For some allotments, operating allowances that identify the projects or events will be established. Allottees receive the Advice of Allotment

through the same distribution process as appropriated funds. Allottees will inform post or bureau by cable or other written means of the disposition of funds. For additional details, refer to 4 FAM 383 and the Gift Fund Manual; and

- (2) **Investment of funds:** Some projects do not require an immediate expenditure of funds, and funds may be invested immediately. The Office of the Assistant Secretary for Resource Management and Chief Financial Officer (RM/CFO) will consult regularly with bureau managers to determine the feasibility and length of time funds may be invested with the U.S. Treasury. RM/GFS will accrue interest income on a quarterly basis.

## 4 FAM 384.5 Responsibility of Allottees

*(CT:FIN-390; 03-28-2008)*

Allottees are officials of the Department who have received authorization from RM (generally, Advice of Allotment) to incur obligations within a specific amount pursuant to an appropriation or other statutory authority. These responsibilities include but are not limited to:

- (1) Obligating funds in accordance with the terms and conditions of the gift, if any;
- (2) Ensuring that obligations do not exceed the cumulative total and limitation amounts authorized by allotment advices through the current quarter;
- (3) Ensuring that all obligations entered in the accounting system are true obligations supported by prescribed documents and that the obligations are valid charges against the fiscal year sought to be charged;
- (4) Reviewing unliquidated obligations periodically, but not less often than quarterly, to ensure obligations are valid;
- (5) Requesting RM to invest funds donated for long-term projects that will not require an immediate expenditure; and
- (6) Ensuring that proper procurement procedures are followed for transactions that result in obligations against the allottee's funds.

## 4 FAM 384.6 Fund Reconciliation

*(CT:FIN-396; 12-01-2008)*



RM/GFS is responsible for ensuring that the cash balance between the Department and the Department of Treasury is in agreement. This will require a reconciliation between the balances shown on the Department's accounting system reports and the Treasury balances, as indicated on Treasury Form FMS-6653, Undisbursed Appropriation Account Ledger; Form FMS-6654, Undisbursed Appropriation Account Trial Balance; and Form FMS-6655, Receipt Account Trial Balance/Ledgers. *The Office of the Deputy Assistant Secretary for Global Financial Services (RM/GFS)* will perform this reconciliation each month and research differences so that they can be corrected the following month.

## **4 FAM 384.7 Audit of Funds**

*(CT:FIN-390; 03-28-2008)*

Gift fund donations (cash, property, or other gifts) and the interest income earned are subject to the same examination and audit as provided for appropriations made by Congress (22 U.S.C. 2697).

## **4 FAM 384.8 Reporting**

*(CT:FIN-390; 03-28-2008)*

With the exception of nongift fund invitational travel or as otherwise prescribed by the 2 FAM 960, all gifts should be reported by e-mail or memo, as appropriate, to the Gift Fund Manager in the RM/CFO. This includes gifts from nonforeign individuals and entities and gifts of cash. The e-mail or memo should include the name of the donor, the donor's business affiliations, the amount of the gift (if cash) or the value (if in-kind), date, voucher number, and the specific purpose for which the gift has been allocated. Reporting procedures are reflected in 2 FAM 964.

## **4 FAM 384.9 Allotment of Carryover**

*(CT:FIN-390; 03-28-2008)*

At the end of the fiscal year, the unused allotted funds will become the carryover balance if proper posting was made to the financial management system. However, the carryover balance must be allotted by the Office of the Deputy Assistant Secretary for State Programs, Operations and Budget (RM/BP) to the functional or regional bureau in the next fiscal year, with reallocation to posts as needed. The carryover is not automatically available.

## **4 FAM 385 PUBLIC DIPLOMACY GIFTS**

### **4 FAM 385.1 Authority**

*(CT:FIN-390; 03-28-2008)*

Apart from other statutory gift acceptance authorities, the Department has specific authority to accept gifts for a number of public diplomacy-related activities. Gift acceptance procedures will follow the guidelines contained in 2 FAM 960:

- (1) In accordance with the authority of Section 105(f) of the Mutual Educational and Cultural Exchange Act of 1961, as amended (Public Law 87-256; 22 U.S.C. 2455(f)), the Department accepts and utilizes donations and contributions from international organizations and private individuals, firms, associations, and other groups to accomplish the purposes of the Act; and
- (2) The United States Information and Educational Exchange Act of 1948, as amended (Public Law 80-402), and Reorganization Plan No. 2 of 1977, authorize the Department to accept funds from any other government for expenses of any part of the Department's programs undertaken pursuant to this Act.

### **4 FAM 385.2 Purpose of Funds Credited to Account 19X8821.1**

*(CT:FIN-396; 12-01-2008)*

The purposes of funds credited to account *19X8821.1* include:

- (1) Donations and contributions received to help defray costs of international fairs and exhibitions abroad; and
- (2) Contributions to provide film prints to foreign governments and to send experts abroad to perform requested services.

## **4 FAM 386 FOURTH OF JULY/INDEPENDENCE DAY GIFTS**

### **4 FAM 386.1 Authority**

*(CT:FIN-390; 03-28-2008)*

The regulations in 2 FAM 962.1-6 authorize post management officers to solicit and accept certain gifts from private sources for official Fourth of July events, subject to conflict-of-interest and other limitations. More specific guidance is issued by the Office of the Legal Adviser (L) annually on Fourth of July solicitations.

## **4 FAM 386.2 Gift Acceptance**

*(CT:FIN-390; 03-28-2008)*

- a. Fourth of July gifts may be accepted under the provisions set forth in 2 FAM 962.1-6.
- b. Posts should accept contributions from a broad array of U.S. organizations/firms. This limits the perception that any one group is the sole sponsor of the event.
- c. All contributions received for the Fourth of July, whether cash or in-kind, should be given as unconditional gifts.

## **4 FAM 386.3 Gifts for Nonofficial Fourth of July Events**

*(CT:FIN-396; 12-01-2008)*

The 2 FAM 962.1-6 does not provide authority for employees or their family members to solicit or accept gifts on behalf of the *U.S.* Government for nonofficial Fourth of July events. Nonofficial Fourth of July events include any event other than the official Fourth of July representational event, such as those events hosted by individuals or sponsored by employee associations or local American Chambers of Commerce. Gift funds, which are official funds, may not be used for nonofficial Fourth of July events.

## **4 FAM 386.4 Accounting**

*(CT:FIN-396; 12-01-2008)*

Fourth of July monetary gifts will be deposited to the unconditional gift fund account 19X8821.1. Deposits must be recorded under allotment 9920. The obligation number should be recorded as a six-digit figure comprised of the following: The first digit represents the fiscal year; the *second* through *fourth* digits will be the post code; and the *fifth* and *sixth* digits will be a sequential number starting with 01. The revenue source code must be recorded as "AFGF."

## **4 FAM 387 THROUGH 389 UNASSIGNED**