

	<b>State of Hawaii Department of Education Standard Practice (SP) Document</b>	Office of Fiscal Services
Document No. <b>SP 1913</b>	Distribution: CASs, Principals, SASAs, School Office Personnel, CABMs, ASAs	Release Date: 3/14/2017
<b>SUBJECT</b>	Non-Appropriated Student Activity Fund; Donations and Grants	

## 1. Purpose

To provide an overview on receiving gifts, donations, bequests, and grants to schools.

## 2. Effective

Immediately.

## 3. Applies to

All schools.

## 4. Donations and Grants to Schools

These category umbrellas are used to account for cash or other resources received and held by the school in the capacity as a trustee or as an agent. A “donation” includes bequests, donations, and gifts.

(a) Bequests, donations, and gifts are under the Donations Category Umbrella.

(1) Bequest: A disposition in a will.

(2) Donation: A voluntary and generally irrevocable transfer of money from a donor who expects nothing of significant value in return, other than recognition and, possibly, disposition of the gift in accordance with the donor’s wishes. These funds are subject to restrictions and are to be expended or disposed of at the discretion of the donors or their authorized representatives. For donations with a donor’s specific intent and purpose, a Category must be established. A copy of the letter or memorandum stating the intent and purpose shall be retained in the office file.

(3) Gift: Funds or items given voluntarily to the school, without payment in return.

(b) Grant is a separate Category Umbrella.

A grant is an externally funded activity where there is a written or formal agreement representing the transfer of money from a sponsor/grantor in exchange for specific services or actions. This written agreement is enforceable by law, and performance is usually accomplished in a specific time frame, with support being revocable for cause. A Category or Sub-Category must be established for a grant to facilitate production of financial reports to the grantor. A copy of the agreement shall be retained in the office file.

## 5. Acknowledgement of Donations or Grants

- (a) Schools and offices shall draft a donation letter of acknowledgement for either the principal, the superintendent or the complex area superintendent based upon the following dollar thresholds. A copy of the acknowledgement letter shall be retained in the office files attached to the Report of Gifts, Grants and Bequests (Form 434).
  - (1) The Superintendent is responsible for acknowledgement of donations above \$5,000 (authority maybe delegated to the assistant superintendent and chief financial officer). The letter is prepared for the Superintendent's signature by the Complex Area Superintendent's office, with assistance from the school.
  - (2) The assistant superintendent/complex area superintendent is responsible for acknowledgement of donations from \$3,000 to \$5,000. The letter is prepared for the Complex Area Superintendent's signature by the Complex Area Superintendent's office, with assistance from the school.
  - (3) Schools and offices are responsible for acknowledgement of donations below \$3,000. The letter should be signed by the Principal and printed on the school's letterhead.
- (b) Include the following language at the end of every thank you letter for donations/gifts to ensure that donations are NOT given to offset rent or any other obligation to a school.

Please note: No consideration or promise for future consideration has been made or given in exchange for or in contemplation of the above donation.

## 6. Donation Acceptance Reminders

- (a) Donations of gifts, grants and bequests with conditions that the school or office cannot fulfill, should not be accepted.
- (b) Schools and offices shall not state the value of donated property (non-monetary) in the acknowledgement letter to the donor. The value of donated gifts, grants and bequests must be estimated and justified by the donor on his/her tax return.
- (c) An official Receipt (either printed from SAF or Form 239) shall be issued by the school or office for all monetary donations.
- (d) Schools shall maintain a report of all gifts, grants and bequests by date, name of donor, description, amount, and purpose for which it is to be used. The form Report of Gifts, Grants and Bequests (Form 434), will be used for this purpose. The Form 434 shall be retained at the school with copies of the acknowledgement letters attached.
- (e) All donations of gifts of property valued at \$250 or more must be inventoried by completing form Add Other Fixed Asset Hold File Update, (FMS-FA1).
- (f) Gifts, donations, grants and bequests may be deposited to the school's Non-Appropriated Student Activity Funds. However, if funds are used for personal services (hiring of temporary positions) or when any payroll costs are involved, the funds shall be deposited into the Department's appropriated Trust and Agency Fund (State Treasury) in FMS. If a new FMS Program ID is needed to track the funds in FMS, contact OFS-Accounting Services Branch.

## 7. Distinguishing between Grants and Donations

- (a) A grant will generally have one or more of the following characteristics:
  - (1) Money or property is awarded for a grant proposal submitted by the school in response to a request for proposal, published guidelines or through a competitive application process.
  - (2) The award is a contract, cooperative agreement, consortium agreement, grant, sub grant or subcontract.
  - (3) Money or property is provided to achieve a specified scope of work or provide a specific product, service or other expected results within a specified period of time.
  - (4) The sponsor places restrictions on the use of funds and/or retains the right to revoke the award. The sponsor specifies how funds are to be used and requires prior sponsor approval for changes from the originally approved budget items and disallowance of certain costs.
  - (5) The sponsor requires external audits, detail financial reports, invoices and/or technical status reports as a condition of the award.
  - (6) The sponsor requires that any unused funds be returned.
  - (7) The sponsor stipulates a variety of other terms and conditions, such as publication restrictions, rights to tangible and intangible assets, compliance with federal and state regulations, allowable and unallowable costs, subcontracting, insurance, indemnification and hold harmless clauses, protection of proprietary or confidential information, modifications, penalties, remedies, termination etc.
- (b) Donations and gifts will generally have some or all of the following characteristics:
  - (1) Donor refers to the award as a gift, donation or contribution and intends the award to be a charitable gift as reflected by the absence of commitment to exchange goods/services.
  - (2) The award is given with few terms beyond specifying general intent. Any conditions or stipulations placed on the use of the award are reasonable and serve only to direct the award to support the desired area of interest to the donor.
  - (3) The award is given irrevocable and therefore, the donor relinquishes the rights to reclaim the award or any unused portion.
  - (4) No financial, technical or progress reports are required. However, courtesy, non-technical reports may be supplied.

## 8. Donations for Student Travel

If school personnel solicit donations for student travel:

- (a) The solicitation letter must be signed by the Principal, or cc'd to the Principal if someone else signs it.
- (b) The letter should say the funds are for the school, not for a specific student or teacher.
- (c) The letter should say what will happen if the donations total more than the amount actually needed for the stated purpose (e.g. used for other needs at the school, or returned to the donors).

## 9. Donation of Vehicles

If an individual or organization offers to donate a vehicle to the school, the administrator must ensure the school would be able to comply with the requirements for a school owned vehicle and a non-school bus vehicle.

## 10. SP Maintenance Responsibility

The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

## 11. References, Resources, and Forms

- (a) §90-1, Hawaii Revised Statutes, (Volunteers)  
Note: definition of "volunteer" includes material donor; §90-5, Hawaii Revised Statutes, requires annual report that includes total number of volunteers and by type  
[http://www.capitol.hawaii.gov/hrscurrent/Vol02\\_Ch0046-0115/HRS0090/HRS\\_0090-0001.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol02_Ch0046-0115/HRS0090/HRS_0090-0001.htm)
- (b) §302A-1122, Hawaii Revised Statutes, (Gifts)  
Note: This addresses gifts to "the board" but also specifies "All such money received by, or on behalf of, the department shall be paid into the state treasury, and all such moneys are appropriated for the purposes of the department."  
[http://www.capitol.hawaii.gov/hrscurrent/Vol05\\_Ch0261-0319/HRS0302A/HRS\\_0302A-1122.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0302A/HRS_0302A-1122.htm)
- (c) §84-11, Hawaii Revised Statutes, (Code of Ethics)  
[http://www.capitol.hawaii.gov/hrscurrent/Vol02\\_Ch0046-0115/HRS0084/HRS\\_0084-0011.htm](http://www.capitol.hawaii.gov/hrscurrent/Vol02_Ch0046-0115/HRS0084/HRS_0084-0011.htm)
- (d) BOE Policy 500-23 (Solicitations by Department Personnel and Students)  
<http://boe.hawaii.gov/policies/Board%20Policies/Solicitations%20by%20Department%20Personnel%20and%20Students.pdf>
- (e) Hawaii Administrative Rules Ch 46 (Community Fundraising Drives among Students)  
<http://boe.hawaii.gov/policies/AdminRules/Pages/AdminRule46.aspx>
- (f) BOE Policy 303-12 (Commercialism)  
<http://boe.hawaii.gov/policies/Board%20Policies/Commercialism.pdf>
- (g) Current Tracking for Gift Report (flowchart)  
[https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF\\_resources/Shared%20Documents/Current%20tracking%20for%20Gift%20Report%20\(REV%2012-5-2014\).pdf](https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF_resources/Shared%20Documents/Current%20tracking%20for%20Gift%20Report%20(REV%2012-5-2014).pdf)
- (h) State of Hawaii Department of Taxation Tax Facts 98-3 Tax Issues for Hawaii Nonprofit Organizations  
<http://files.hawaii.gov/tax/legal/taxfacts/tf98-03.pdf>
- (i) State of Hawaii Department of Taxation Tax Facts 99-4 Parent-Teacher Organizations and Other School-Related Organizations  
<http://files.hawaii.gov/tax/legal/taxfacts/tf99-04.pdf>
- (j) Revised Procedures for Donation of Gifts, Grants and Bequests Added Language – (Added Language – Acknowledgement Letter for Donations Under \$250) (12/19/14 memo)  
[https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF\\_resources/Shared%20Documents/Procedures%20for%20Donation%20of%20Gifts,%20Grants%20and%20Be](https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF_resources/Shared%20Documents/Procedures%20for%20Donation%20of%20Gifts,%20Grants%20and%20Be)

[quests%20-%20Added%20language%20-%20Acknowledgement%20Letter%20for%20Donations%20Under%20\\$250.pdf](#)

- (k) School Owned Vehicles (5/9/14 memo from Assistant Superintendent Raymond F. L'Heureux) (link not available).
- (l) Use of Non-School Bus Vehicles and School Owned Vehicles (5/16/14 memo from Assistant Superintendent Raymond F. L'Heureux) (link not available).

#### Forms

- (m) Report of Gifts, Grants and Bequests (Form 434)  
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/REPORT%20OF%20GIFTS,%20GRANTS%20AND%20BEQUESTS.xlsx>
- (n) Add Other Fixed Asset Hold File Update (FMS-FA1)  
<https://intranet.hawaiipublicschools.org/offices/ofs/accounting/Documents/FMS-FA1.pdf>
- (o) Receipt (Form 23)  
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/RECEIPT%20picture.pdf>