

Policy 2.91

New Charitable Gift Annuity (CGA) Accounting

Responsible Official: VP for Finance
Administering Division/Department: Controller's Office
Effective Date: September 1, 2008
Last Revision: August 3, 2009

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I. Overview

The Controller's Office is responsible for processing and recording all new Charitable Gift Annuities (CGA's) in the standard set forth in this policy.

II. Applicability

This policy applies to all new CGA's.

III. Policy Details

When a new CGA is established by a donor from the donation of money or stock as outlined in a signed agreement, it must be recorded in the University's accounting system. The gift must be recorded by Gift Records and the Controller's Office must ensure any entries relating to the new CGA and gift are recorded and reconciled in the University's accounting system. A new permanent file must also be created to retain the signed agreement and necessary documentation.

Exceptions to the policy (no CGA is recorded):

- If a CGA has revocable beneficiary clause, it is not recorded on the University's books.

The following journal entries are used to record the initial gift

- If the CGA is funded with a stock gift:

Entry #1: debit to the security account and a credit to the gift bearing account. To record the gift: amount is equal to the charitable deduction obtained from the PG Calculation Worksheet.

Entry #2: debit to the security account and a credit to the annuity payable account. To record the Annuity Payable: amount is equal to the principal donated less the charitable deduction obtained from the PG Calculation Worksheet.

- If the CGA is funded with cash:

Entry #1: credit the gift clearing account. To record the gift: Amount is equal to the charitable deduction obtained from the PG Calculation Worksheet.

Entry #2: credit the annuity payable account. To record the Annuity Payable: amount is equal to the principal donated less the charitable deduction obtained from the PG Calculation Worksheet.

Each CGA must be reconciled with the bank statement and the signed reconciliation must be signed by the manager and filed in the Controller's Office.

Annually a new annuity payable calculation must be made (each August based July's market value and the current age of the annuitant). The new payable must then be entered in the accounting system.

IV. Definitions

Charitable Gift Annuity (CGA): An agreement in which property or money is donated to a charitable organization, and in return, beneficiaries receive fixed annual annuity payments during their lifetime. After the donor's death, the charitable organization receives the remainder of the donation to be used for a purpose specified by the donor.

V. Related Links and Resources

- Current Version of this Policy: <http://policies.emory.edu/2.91>
- SSgA (State Street Global Advisors) Charitable Giving: <https://www.cam.ssga.com>
- Controller's Office: <https://www.finance.emory.edu/external/deptpages/ctrl/index.cfm>

VI. Contact Information

Subject	Contact	Phone	Email
New Charitable Gift Annuity	Controller's Office	404.727.6080	ctrl@emory.edu

VII. Revision History

August 2009 Changes to journal entry process

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