



# New York Medical College Policy and Procedure Manual

<b>Section: ACCOUNTS PAYABLE</b>	<b>No.: CO.403</b>
	<b>Date: July 22, 1998</b>
<b>Subject: STOCK AND BOND CONTRIBUTIONS</b>	<b>Page 1 of 3</b>
	<b>Supersedes: New</b>

## I. Purpose

To establish guidelines for the recording and disposition of stock and bond contributions.

## II. Scope

This policy applies to all stock and bond contributions received by New York Medical College.

## III. Definition

## IV. Policy

All contributions of stock and bonds will be recorded at their market value based on the average of high and low quoted prices for the date of transfer to the College and credited to the program for which the contribution was made. Unless specified by the donor or College administration, all stock contributions will be transferred immediately to the Bank of New York with instructions to sell the stock and deposit the proceeds to the College's Cash Control account. Any difference between the recorded value of the contribution and the proceeds received upon sale of the stock will be absorbed in the College's Gain/Loss on Investment account.

## V. Procedure

Stock and bond certificates are received as follows:

### A. Certificates delivered to the College

#### 1. Office of Development

All contributions of stock or bond certificates will be processed first through the College's Office of Development. The Office of Development will complete the Stock/Bond Information Form (IN-1), indicate that the certificate is attached and submit the form with the certificate and a copy of the donor's instructions to the Controller's Office. One form is to be completed for each certificate submitted.

#### 2. Controller's Office

- a. Upon receipt of the Stock/Bond Information Form (IN-1) and the certificate, the Controller's Office will verify the total value of the gift.

**Issued By:**

**Approved By:**

- (1) If the Office of Development left these items blank, the Controller's Office will establish the value of the donation and advise the Office of Development.
  - (2) If the value as established by the Controller's Office differs from that indicated by the Office of Development, the Controller's Office would communicate this to the Office of Development and work to resolve the issue.
  - (3) If the value is agreed, a copy of the form will be returned to the Office of Development marked "confirmed" for their records.
- b. A letter addressed to the Bank of New York will be prepared instructing the Bank to sell the certificate and deposit the proceeds to the College's Cash Control account at the Bank. The letter, once signed will be sent to the Bank along with the certificate. The certificate will be held in the Cashier's safe while the letter is being processed.
- c. A Journal Entry will be prepared to credit the account indicated on the Stock/Bond information Form (IN-1) and debit the Investment held by College account (01 00-00 111.05) for the total value of the gift. Upon sale the following entries will be made:
- (1) Investment held by College account will be credited for the total value of the gift.
  - (2) The Gain/Loss on Investment account (01 02-10 442.02) will be credited for a gain or debited for a loss.
  - (3) Cash Control will be debited for the proceeds received from the sale.
- B. Certificates transferred to the Bank**
1. Office of Development
    - a. Will call the Bank and inform the Bank of the pending transfer.
    - b. Will complete the Stock/Bond Information Form (IN-1), indicate the contribution was transferred to the Bank and submit the form to the Controller's Office. One form is to be completed for each item transferred.
  2. Controller's Office
    - a. Upon receipt of the Stock/Bond Information Form (IN-1) the Controller's Office will contact the Bank, alert them to the transfer and request that the Bank contact us when the transfer has been completed.

- b. When the Bank confirms the transfer of the security the Controller's Office will verify the transfer date and total value of the gift.
  - (1) If the Office of Development left these items blank, the Controller's Office will establish the value of the donation and advise the Office of Development.
  - (2) If the value as established by the Controller's Office differs from that indicated by the Office of Development, the Controller's Office would communicate this to the Office of Development and work to resolve the issue.
- c. A letter addressed to the Bank of New York will be prepared instructing the Bank to sell the security and deposit the proceeds to the College's Cash Control account at the Bank.
- d. A Journal Entry will be prepared to credit the account indicated on the Stock/Bond Information Form (IN-1) and debit the Investment held by College account (01 00-00 111.05) for the total value of the gift. Upon sale the following entries will be made:
  - (1) Investment held by College account will be credited for the total value of the gift.
  - (2) The Gain/Loss on Investment account (01 02-10 442.02) will be credited for a gain or debited for a loss.
  - (3) Cash Control will be debited for the proceeds received from the sale.

## **VI. Responsibility**

### **A. Office of Development**

Complete the Stock/Bond Information Form (IN-1) and submit it to the Controller's Office. Inform bank of any known stock or bond transfers made being directly to our account at the Bank.

### **B. Controller's Office**

- 1. Verify total value of gift and confirm to the Office of Development.
- 2. Record contribution in College's books of account.
- 3. Instruct Bank on sale of security.