

SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 12, CHAPTER 3 “CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES”		
Substantive revisions are denoted by a ★ preceding the section or paragraph with the substantive change or revision		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Clarify and simplify language throughout.	Clarification
All	HQ/AE changed to DFAS-DAT throughout.	Update
0304	Provides guidance on accounting for contributions	Update

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★CHAPTER 3

CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES0301 INTRODUCTION

030101. Purpose. This Chapter prescribes the overall policy and assigns responsibilities for the acceptance, receipt, use, and reporting of money or real and personal property or services to the Department of Defense (DoD) under Title 10, United States Code, section 2608. Authorities to accept contributions under Title 10, United States Code, section 2350j and Public Law 103-335, section 8053, are not included in this chapter.

030102. Defense Cooperation Account. A special account is established in the Treasury of the United States for receipt of monetary contributions and proceeds from the sale of real or personal property contributions accepted by the Secretary of Defense, or designee under Title 10, United States Code, section 2608.

0302 AUTHORITY

030201. Secretary of Defense. Title 10, United States Code, section 2608 provides authority for the Secretary of Defense (SECDEF) to accept, for use by the Department, from any person, business, foreign government, or international organization, any contribution of money or real or personal property and may accept from any foreign government or international organization any contribution of services.

030202. Under Secretary of Defense (Comptroller) (USD(C)). Authority to accept such contributions has been delegated to the USD(C), who also serves as the single point of contact in the Department for the Departments of State and the Treasury with respect to all matters involving the receipt, administration and distribution of contributions of funds from foreign countries for defense programs.

030203. Military Departments and Defense Agencies. The Secretaries of the Military Departments and the Directors of the Defense Agencies, have authority to accept from any person, business, foreign government, or international organization, any contribution of real or personal property and may accept from any foreign government or international organization any contribution of services..

030204 Washington Headquarters Services. The Director of the Washington Headquarter Services, given its responsibility for the management of property and physical assets at the Pentagon and to maintain consistency in property accountability, has authority to accept contributions of personal property offered to the Office of the Secretary of Defense for use at the Pentagon.

030205 Delegation of Authority. The USD(C) may provide additional delegations of authority to accept contributions of real and personal property or services on a case by case basis.

0303 POLICY ON CONTRIBUTIONS

030301. Nonmonetary Contributions. These are contributions in the form of real property (fixed assets such as land, buildings, other structures, facilities, and military equipment), tangible property (inventory or items held for sale, operating materials, and supplies) or services that would benefit the DoD if accepted. Once the DoD accepts these contributions, the intent of the accounting standards (Statements of Federal Financial Accounting Standards (SFFAS)) is that the benefiting DoD organization should recognize the contribution in its financial statements. Some of these benefits are recognized through specific adjustments to the Department's budget. Depending on the materiality and identifiability of these benefits (see the recognition criteria in SFFAS No. 4, paragraph 112), some may not be recognized. The receipt of an asset signals the willingness of a donor to transfer title. The receiving DoD organization recognizes a change in inventory, stock, or plant, property, and equipment related records. Assets donated to the DoD are recognized as donated revenue. The treatment of services contributed to the DoD depends on whether providing these services would have a significant impact to mission operations or would represent information that would help managers plan and control mission functions, on whether the service provided is broad, general support that could be provided to many others, and on whether the value of these services is reasonably identifiable.

A. An organization receiving donated general property, plant, and equipment (PP&E) determines its value net of accumulated depreciation or amortization. If that value is not available, the cost of the PP&E is its fair market value at the time transferred (see subparagraph C. below). Donations of assets or services must be reported quarterly to DFAS-DAT (see paragraph 030501). DFAS-DAT forwards reports to DFAS centralized sites to make journal voucher entries.

B. The receiving organization must document and retain on file for five years details of each nonmonetary contribution received. Each file must include:

1. A description of the contribution.
2. The estimated value of the contribution, including the valuation method used (see subparagraph C. below).
3. The name and address of the donor(s).
4. A list of restrictions, conditions, or other information set out by the donor.
5. A statement explaining the benefits of accepting the donation. You must explain why accepting the donation is preferred to obtaining the item or service through existing DoD supply channels.

6. A unique identifier or data element used to track the same or similar items shipped from different sources.

7. The Service and appropriation that benefit from this contribution. Identify the appropriation that normally furnishes this asset.

C. There are three methods for valuing nonmonetary contributions:

1. Reporting the value the donor assigns the item.

2. Assigning a recent acquisition price for a like item purchased by the DoD.

3. Assigning the current standard price for a like item in DoD stock.

D. If requested, the DFAS Deputy Director for Accounting (DFAS-HQ/A) will assist in establishing the value of nonmonetary items accepted.

030302. Monetary Contributions. The USD(C) retains the authority to accept all monetary contributions. Monetary contributions cannot be accepted with restrictions, i.e., with designations for specific programs or purposes.

A. Contributions in Cash

1. Cash contributions, including proceeds from the sale of any contributed property, shall be deposited to the Defense Cooperation Account as soon as practical.

2. Consistent with sound cash management practices, any cash accepted, under USD(C) authority, shall be either converted into a check and forwarded to the DFAS using overnight delivery service, or deposited into a Treasury General Account with funds transferred to the Defense Cooperation Account via electronic funds transfer--whichever process results in the earliest deposit of funds into the Defense Cooperation Account.

3. Any funds forwarded by electronic funds transfer shall be deposited within 24 hours into the Defense Cooperation Account under ALC 9720010 and Account Number 97X5187.1. Additionally, the DFAS (DFAS-DAT) shall be notified prior to forwarding any funds electronically.

4. Documentation associated with cash contributions, including copies of deposit tickets, and the original of correspondence from contributors shall be forwarded within 24 hours of the deposit using overnight delivery service, to the DFAS, ATTN: DFAS-DAT.

B. Contributions by Check

1. Checks received by DoD officials shall be made payable to the “United States Treasury.” The reference line on the check should indicate the “Defense Cooperation Account.”

2. Checks received by DoD officials shall be forwarded to the DFAS ATTN: DFAS-DAT, Investment Trust Directorate, 1931 Jefferson-Davis Hwy, Arlington, VA 22240-5291. The DFAS shall deposit such funds within 24 hours of receipt into the Defense Cooperation Account under ALC 9720010 and Account Number 97X5187.1.

3. Documentation associated with check contributions, including the original of any correspondence from contributors shall be forwarded with the check.

C. Contributions by Wire Transfer

1. Contributions by wire transfer eliminates delays in receiving deposits and provide the most efficient preliminary accounting information for investment purposes.

2. After approval by the USD(C), donors may make contributions to the Defense Cooperation Account via electronic funds transfer from commercial banks to “Account Number 1” in the Federal Reserve Bank of New York (as Fiscal Agent of the United States). The Federal Reserve Bank of New York shall credit the Department accordingly, using the format in Figure 3-1.

3. Documentation associated with wire transfer contributions, including the original of any correspondence from contributors shall be forwarded within 24 hours of the deposit using overnight delivery service, to the DFAS ATTN: DFAS- DAT.

D. Contributions in Foreign Currencies (Cash or Check). Upon notice of a planned large contribution (\$1 million or more) to be made in foreign currency the cognizant DoD official shall:

1. Request the donor to provide as much lead time as possible regarding the amount of the contribution and the estimated date the contribution will be made.

2. Advise the USD(C) and DFAS (DFAS-DAT) of any planned contributions and continue to keep that office advised of the status until the currency transfer is made by the donor.

3. Upon approval by the USD(C), request the donor to credit the foreign currency contribution to the Federal Reserve Bank of New York “Account Number 1” via the donor’s central bank. If the Federal Reserve Bank does not maintain an account with a

particular donor, the DoD official should seek guidance from the DFAS-HQ-A, for appropriate alternative arrangements.

4. Foreign checks received by DoD officials shall be converted to a check denominated in U.S. dollars prior to being forwarded to the DFAS or transferred electronically into the Defense Cooperation Account.

5. Cash and checks received by DoD officials in countries not served by a DoD disbursing officer shall, upon approval by the USD(C), be delivered to the nearest U.S. Embassy within 24 hours of receipt for deposit in the Defense Cooperation Account, under ALC 97200010 and Account Number 97X5187.1.

0304 ACCOUNTING FOR CONTRIBUTIONS

030401. Cash entries. Entries for the receipt and distribution of cash contributions or donations to the DCA are shown below.

A. Cash contributions received.

1. Budgetary entry.

Debit 4114	Appropriated Trust or Special Fund Receipts
Credit 4620	Unobligated Funds Not Subject to Apportionment

2. Proprietary entry.

Debit 1010	Fund Balance with Treasury
Credit 5600	Donated Revenue-Financial Resources

B. Budgetary entry at year-end.

Debit 4201	Total Actual Resources-Collected
Credit 4114	Appropriated Trust or Special Fund Receipts

C. Cash allocated to a program

1. Budgetary entry.

Debit 4620	Unobligated Funds not subject to Apportionment
Credit 4129	Amounts Appropriated from Specific Treasury- Managed Trust Fund-TAFS-Transfers-Out

2. Proprietary entry.

Debit 5765 Nonexpenditure Financing Sources–Transfers-Out
Credit 1010 Fund Balance with Treasury

030402. Nonmonetary entries for assets or services. The entries below are made after accepting goods and PP&E or services:

A. Contributed assets.

1. No budgetary entry.
2. Proprietary entry.

Debit 4114 Appropriated Trust or Special Fund Receipts
Debit 1511 Operating Materials and Supplies Held for Use
Debit 1525 Inventory – Raw Materials
Debit 1527 Inventory – Finished Goods
Debit 1572 Stockpile Materials Held for Sale
Debit 1591 Other Related Property
Debit 1711 Land and Land Rights
Debit 1730 Buildings, Improvements and Renovations
Debit 1740 Other Structures and Facilities
Debit 1750 Equipment
Debit 1820 Leasehold Improvements
Debit 1830 Internal Use Software
Debit 1840 Other Natural Resources
Debit 1890 Other General Property, Plant and Equipment
Credit 5610 Donated Revenue – Nonfinancial Resources

B. Contributed services.

1. No budgetary entry.
2. Proprietary entry.

Debit 6100 Operating Expenses/Program Costs
Credit 5010 Donated Revenue – Nonfinancial Resources

0305 REPORTING ON CONTRIBUTIONS

030501. Not later than 10 days after the end of each quarter, each DoD official that has accepted and received a nonmonetary contribution shall submit a report to the DFAS ATTN: DFAS-DAT, 1931 Jefferson- Davis Hwy, Arlington, VA 22240-5291, that identifies the following:

A. Nonmonetary Contributions Received

1. A description of each item received.
2. The value of each item received, including the valuation method used.
3. The name of the contributor for each item received.
4. The date each item was received.
5. Details of any restrictions, conditions or other relevant information regarding each contribution.
6. If two more like items are received from different sources the items are to be accounted for separately to permit identification of items received.

B. Nonmonetary Contributions Sold

1. A description of each item sold.
2. The proceeds of each item sold.
3. The name of the contributor for each item sold.
4. The date each item was sold.
5. The name of the purchaser for each item sold.
6. If two or more like items are received from different sources the items are to be accounted for separately to permit identification of items when sold.
7. Details of any other relevant information regarding each item sold.

C. Monetary Contributions Received

1. The dollar amount of each contribution.
2. Name of the donor for each contribution received.

3. The date each item was received.

030502. Not later than 15 days after the end of each quarter, the DFAS shall prepare and forward to the USD(C) a report to be submitted to the Congress that provides the following information.

A. Summary values of monetary and nonmonetary contributions accepted during the month.

B. A description of all property valued at more than \$1 million. In determining whether the \$1 million threshold has been met, the following procedures shall be used:

1. The value of similar items accepted during the quarter shall be added together.

2. The value of components which, if assembled, would comprise all or a substantial portion of an item or facility shall be added together.

0306 INVESTING CONTRIBUTIONS

030601. General. Consistent with good cash management practices, funds in the Defense Cooperation Account shall be invested in Government securities until distribution is authorized. Generally, investments are limited to U.S. Treasury bills maturing in 90 days or less.

030602. Purchasing Government Securities. The DFAS shall follow the procedures below for purchasing Government securities.

A. Daily, after all contributions and other transactions have been entered into the Defense Cooperation Account, generate a Preclosing Trial Balance.

1. Verify the amount in account 1010, Fund Balance with Treasury, with the amount entered in the Cash Book for the same day.

2. Research and correct any differences between account 1010 and the Cash Book immediately.

B. A security investment can be purchased if account 1010 has a balance sufficient to purchase a \$10,000 Treasury bill or a \$1,000 U.S. Treasury note or bond. Information on prices, maturities, and yields of U.S. Treasury securities generally can be found in the financial section of major newspapers.

C. Select a U.S. Treasury security from those available.

D. Complete the applicable sections in the Memorandum for Purchase or Sale of Investments.

E. Telephone the Finance Management Branch, Financial Management Service (FMS), U.S. Department of the Treasury before 11:00 a.m. on the day of the investment at (202) 208-1450.

1. The following information shall be provided to the Treasury representative.

a. Account: Defense Cooperation Account

b. Transaction Type: Purchase

c. Transaction Date: (Date the security will be purchased)

d. Type of Security: (Specify)

e. Date of maturity: (Specify)

f. Amount: (Amount available in account 1010, Fund Balance with Treasury)

2. Complete the coordination section of the Memorandum for Purchase or Sale of Investments.

3. Prepare a confirmation memorandum supporting the telephone call and fax a copy of the memorandum to the FMS Finance Management Branch normally on the same day as the transaction (Fax Number (202) 377-9597).

4. The day after the transaction, call the Finance Management Branch to obtain the face amount, discount or premium, interest purchase (if any), and the price of the security purchased. Record this information on the Memorandum for Purchase or Sale of Investments. The Finance Management Branch should provide written confirmation of the information received by phone.

5. Complete the Purchases Input Worksheet and update the Defense Cooperation Account system. Once this has been accomplished, a person other than the one making input must sign the Purchase Input Worksheet confirming that the Defense Cooperation Account was updated for the Purchase.

030603. Selling Securities. The DFAS shall follow the procedures below to sell Government securities.

A. The Office of the Deputy Comptroller (Program/Budget) will determine the amount needed for payment or transfer. The Fund Manager, DFAS-DAT, normally shall sell securities to cover the amount needed if no securities mature on that day or contributions are not received. The decision as to which securities will be sold will depend on current economic conditions.

- B. Select a security or securities for sale.
 - C. Complete the appropriate data elements on the Memorandum for Purchase or Sale of Investments.
 - D. Telephone the Finance Management Branch, Financial Management Service, U.S. Department of the Treasury before 11:00 a.m. on the day of the sale.
 - 1. Provide the Treasury representative the following information:
 - a. Account: Defense Cooperation Account
 - b. Transaction Type: Sale
 - c. Transaction Date: (Date security will be sold)
 - d. Type of security: (Specify)
 - e. Interest Rate: (Enter applicable rate only if Notes or Bonds are sold)
 - f. Date of maturity: (Specify)
 - g. Amount: (Minimum amount of proceeds from the sale required to cover any projected negative amount in account 1010)
 - 2. Complete the coordination section of the Memorandum for Purchase or Sale of Investments.
 - 3. Send a confirmation letter to the FMS Finance Management Branch via fax, normally on the same day as the transaction.
 - 4. The day after the transaction date, call the FMS Finance Management Branch to obtain the principal amount and the interest earned. Record this information on the Memorandum for Purchase or Sale of Investments. The Finance Management Branch should provide written confirmation of the information received by phone.
 - 5. Prepare Sale Input Worksheet and update the Defense Cooperation Account system. Once this has been accomplished, a person other than the one making the input must verify the input as soon as possible to ensure that the system has the correct data.
030604. Maturing Securities. The DFAS shall maintain a tracking system that identifies impending maturities and collections of securities for the Defense Cooperation Account and ensure appropriate reinvestment action is taken upon maturity of a security.

030605. Payments or Transfers. Payments or transfers from the Defense Cooperation Account must be authorized by the Congress. The USD(C) will provide withdrawal notification to the DFAS which shall ensure appropriate action is taken.

030606. Annual Reviews. The DFAS will conduct an annual review of the Defense Cooperation Account operations and transactions, including the purchase and sale of investments. The objective of the review will include compliance with the DoD and the Treasury policies and procedures, and adequacy of internal controls.

SAMPLE FORMAT
WIRE TRANSFERS TO THE U.S. TREASURY

The sample format for wire transfers for credit to U.S. Treasury Defense Cooperation Account (remaining blocks to be filled by the sender or the sending bank, in accordance with the attached wire transfer instructions) is as follows:

I _____ I
 (1) (2)
I 021030004 I _____ I
 (3) (4) (5)
I _____ I _____ I _____ I
 (6)
I _____ / _____ I
 (7) (8)
I TREAS NYC I CTR I
 (9) (10)
IBNF=/AC-97200010 I OBI=to the Defense Cooperation Account I
 (10)
I(Acct. No. 97X5187.1) for Programs, Projects, and I
 (10)
I Activities from (name of donor) _____ I

FIGURE 3-1

MONETARY CONTRIBUTIONS BY WIRE TRANSFER INSTRUCTIONS

The following is a guide for filling out the funds transfer form (Figure 3-1) which should be available at the sending financial institution.

1. RECEIVER DEPOSITARY FINANCIAL INSTITUTION (DFI) No. The Treasury Department's American Bankers Association (ABA) number for deposit messages is 021030004. This number shall be entered by the sending bank for all deposit messages sent to Treasury for credit to the Defense Cooperation Account.
2. TYPE-SUBTYPE CODE. The type and subtype code is provided by the sending bank.
3. SENDER DFI NO. This number is provided by the sending bank.
4. SENDER REFERENCE No. The sixteen (16) character reference number is inserted by the sending bank at its option.
5. AMOUNT. The transfer amount shall be in U.S. dollars and must be punctuated with commas and a decimal point; use of the dollar sign is optional.
6. SENDER DFI NAME. This information is automatically inserted by the Federal Reserve Bank.
7. RECEIVER DFI NAME. The Treasury Department's name for deposit messages is "TREAS NYC." The name should be entered by the sending bank.
8. PRODUCT CODE. A product code of "CTR" for customer transfer should be the first data in the RECEIVER - TEXT field. Other values may be entered, if appropriate, using the ABA's options. A slash must be entered after the product code.
9. AGENCY LOCATION CODE (ALC). The agency location code is of critical importance and must appear in the precise manner stated to allow for automated processing and classification to the ALC of the Department of Defense. The sequence includes the beneficiary code tag (BNF) and indicator code (/AC) followed by the Defense Department's eight (8) digit ALC (97200010) for this account. The ALC identification sequence can, if necessary, begin on one line and end on the next line. However, the field beneficiary code tag (BNF) must be one line and cannot contain any spaces.
10. THIRD PARTY INFORMATION. The reason for the funds transfer should appear in this field. The originator-to-beneficiary information field tag (OBI=) is used to signify the beginning of free-form text. An example follows: BNF=/AC-97200010 OBI=to the Defense Cooperation Account(97X5187) for defense programs, projects, and activities from (Name of Donor).