

3364-35-01 Non-monetary transactions – barter agreements.**(A) Policy statement**

The university of Toledo is committed to following all applicable laws and regulations, including those laws and regulations that address bartering for the exchange of goods, services, or assets. The university of Toledo may enter into barter agreements with another entity for:

- (1) Assets/goods provided for services received;
- (2) Assets/goods provided for assets/goods received;
- (3) Services provided for assets/goods received;
- (4) Services provided for services received;
- (5) The use of fixed assets (property, plant, and equipment) for assets/goods or services received; or
- (6) The use of fixed assets (property, plant and equipment) received in exchange for the use of fixed assets provided.
 - (a) The university will not permit the transfer of ownership of fixed assets under barter agreements.
 - (b) Capitalizing fixed assets is not required because there is no change of ownership in barter transactions.

At no time will an athletic barter/trade agreement conflict with the multi-media rights agreement with learfield communications, incorporated. An official copy of the agreement is on file in the office of legal affairs.

(B) Purpose of policy

This policy establishes the directives to account for barter transactions which are the exchange of goods, services or assets (other than cash) for other non-monetary goods, services or assets. The exchange can be for similar or dissimilar goods, services, or assets.

(C) Procedures

The following procedures are designed to ensure that the university properly documents and records revenue and offsetting expenses related to barter/trade agreements. Revenue will only be recognized up to the lesser of cost or fair market value of the service or product under barter/trade and all barter/trade agreements expire at a maximum of one year.

(1) Goods/services trade lists

At the beginning of each fiscal year a list of all goods and services that can be used in a barter transaction with another organization will be listed with the fair market value of each item listed. A copy of this list will be kept on file at the athletic department and can be reviewed upon request ~~filed with the controller's office. The list may be amended with the controller's office as goods and services become available for barter.~~

(2) Barter/trade agreement

All transactions involving exchanges of goods, services or assets (other than cash) for other non-monetary goods, services or assets must be documented on a barter transaction receipt form.

The form will document the goods or services given up and received by the university.

(a) The barter transaction receipt form should be completed and signed by the responsible department agents, athletic director, associate athletic director and the donor. In the event that the donor does not sign the agreement a letter will be sent outlining the agreement with a statement that no response is affirmation that the vendor is in agreement with the terms of the barter transaction. A copy of the letter will be kept on file with the barter/trade agreement.

(b) The barter transaction receipt form will be maintained in the athletic department and is available for review upon request ~~with a signed copy sent to the controller's office.~~

(3) Record keeping/reconciliation

The athletic department will maintain a file on each barter agreement including all invoices, receipts and supporting documentation.

- (a) The athletic department will record the value of the barter on the barter tracking database (spreadsheet). This database is in a common directory, accessible as a read only document by general accounting for reconciliation purposes.
- (b) The athletic department is required to obtain a detailed receipt for the value of the goods, services or asset in accordance with normal accounts payable guidelines. The transaction will be recorded on the transaction on the barter tracking database.
- (c) A copy of the receipt should be kept on file at the athletic department~~sent to general accounting to be recorded in the general ledger~~.
- (d) A ~~yearly~~quarterly reconciliation should be performed between the athletic department and the controller's office to ensure that all documentation has been received and recorded.

(4) Accounting/finance department

For each good, or asset exchanged, a fair market value must be assigned by the parties engaged in the transaction, as the good, services, or asset is considered income under federal tax regulations.

Transactions with person or organizations involving goods, services, or assets with a fair market value greater than twenty-five thousand dollars require approval by the university of Toledo senior vice president for finance and administration.

- (a) When the copy of the barter transaction receipt is received in accounting, the revenue and offsetting account receivable is recorded and recognized as a barter

transaction in accordance with generally accepted accounting principles (“GAAP”).

- (b) When the receipt for a related expense is received accounting will reduce the receivable and recognize the related expense in accordance with GAAP.
- (c) Quarterly accounting will reconcile the general ledger and the subsidiary ledger to the barter database. Any discrepancy must be reconciled within five business days or else the general ledger will be adjusted to detail, if lower.

All barter/trade agreements will expire at a maximum of one year from date of the agreement. If the barter values are less than one year, the balance will be written off at the time of expiration. Once the barter agreement has expired accounting will write off any remaining balance recognizing the offsetting loss due to barter expiration.

(D) Definitions

Barter exchange. Any person or organization with members or clients that contract with each other (or with the barter exchange) to jointly trade or barter property or services. The term does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis as defined by the internal revenue service (“IRS”).

Vendor. Any one or any unit that has a signed barter agreement with the university of Toledo.

Fair market value. The price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts as defined by the IRS.

(F) Related form

University of Toledo barter transaction receipt form.

Effective: 5/18/2020

CERTIFIED ELECTRONICALLY

Certification

05/07/2020

Date

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