

Cabinet Resolution No. (66) of 2020
Concerning the Regulation of Project Sponsorship in the
Federal Government

The Cabinet,

Having reviewed the Constitution,

And Federal Law No. (1) of 1972 concerning the Competencies of Ministries and Powers of Ministers, and its amendments,

And Federal Decree-Law No. (26) of 2019 concerning Public Finance,

And based on the proposal of the Minister of Finance and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

In the application of the provisions of this Resolution, the following words and phrases shall have the meanings indicated next to each, unless the context of the text indicates otherwise:

The State : The United Arab Emirates.

Federal Entities : Federal entities to which the provisions of Federal Decree-Law No. (26) of 2019 concerning Public Finance apply.

Head of the Federal Entity : The Minister, Chairman of the Board of Directors, Head of the Entity, or their equivalent, as the case may be.

The Committee : The Project Sponsorship Committee established under the provisions of this Resolution.

Project Sponsorship : Financial "cash" or "in-kind" support, or both, provided to sponsor an event, activity, function, individuals, or one or more entities, in exchange for a benefit to one or all parties.

Article (2)

Objectives of the Resolution

This Resolution aims to achieve the following:

1. To define and unify the controls and policies based on which sponsorship is granted, received, or rejected.
2. To ensure the alignment of sponsorship objectives with the strategic goals and core values of the Federal Entity.
3. To increase awareness of the concept of sponsorship as a valuable element in society and to establish a mechanism for evaluating sponsorship opportunities.

Article (3)

Scope of Application

The provisions of this Resolution shall apply to Federal Entities, with the exception of the following:

1. Ministry of Defence.
2. Supreme Council for National Security.
3. Ministry of Cabinet Affairs.
4. Any Federal Entity whose establishing law prohibits receiving or granting sponsorship.

The Cabinet may exempt any Federal Entity or any project from the application of the provisions of this Resolution.

Article (4)

Committee Formation and Functions

1. A committee named the (Project Sponsorship Committee) shall be established in each Federal Entity by a decision of the Head of the Federal Entity or their delegate.

2. The Committee shall be formed of three members and not more than five, including:
 - a. A representative from the Strategy and Future organizational unit.
 - b. A representative from the Government Communication organizational unit.
 - c. A representative from the Financial Affairs organizational unit.
3. The Head of the Federal Entity or their delegate, if any of the aforementioned organizational units are not included in the organizational structure of the Federal Entity, may propose the formation of the Committee with members from other organizational units included in the Federal Entity's organizational structure.
4. The Committee shall undertake the following functions:
 - a. To study sponsorship requests, whether those submitted by the Federal Entity or those granted to the Federal Entity.
 - b. To decide on sponsorship requests by either accepting or rejecting the request.
5. The Committee may invite any specialists and technicians it deems appropriate, whether from the Federal Entity's employees or from outside, to assist the Committee in its functions.

Article (5)

Committee's Working Mechanism

1. A meeting of the Committee shall not be valid unless attended by an absolute majority of its members, i.e., more than 50% of the members, provided that the Chairman of the Committee or their deputy is present in case of the Chairman's absence.
2. The Committee's decisions shall be issued by a majority vote of the members present at the meeting. In the event of a tie, the side of the Chairman of the Committee, or their deputy in the Chairman's absence, shall prevail.
3. The Committee shall prepare an agenda for its meetings that includes all topics to be discussed, and the agenda shall be distributed to all members in a timely manner before the meeting to allow members to review and prepare.

4. The Committee shall document and record all its work and discussions in minutes signed by the attending members and approved by the Chairman or their deputy in the Chairman's absence.

Article (6)

Types of Project Sponsorship

The Federal Entity shall undertake the following procedures, according to the type of sponsorship provided to it:

1. If the sponsorship provided to it is financial "cash" support, the Federal Entity shall record the financial values in the designated register and deposit them in a separate bank account, in accordance with the procedures stipulated in the Annex attached to this Resolution.
2. If the sponsorship provided to it is in-kind support, the Committee shall receive, evaluate, and record the item and its financial value in the register, in accordance with the procedures stipulated in the Annex attached to this Resolution.

Article (7)

Categories of Project Sponsorship

Sponsorship providers or recipients are classified into the following categories:

1. Sponsorship providers or recipients within the State:
 - a. Federal Entities.
 - b. Local Entities.
 - c. Private Sector.
 - d. Natural Person.
 - e. Public benefit associations and institutions.
2. Sponsorship providers or recipients outside the State:
 - a. Governmental entities.
 - b. Private sector.
 - c. Natural person.
 - d. Non-profit international organizations or institutions.

Article (8)

Objectives of Project Sponsorship

When providing or receiving sponsorship, the following objectives must be achieved:

1. To enhance the vision, mission, and values of the Federal Entity.
2. To contribute to achieving the objectives of the Federal Entity included in its approved strategic plan.
3. To achieve a benefit for any of the sponsorship parties.

Article (9)

Controls for Providing or Receiving Sponsorship

The following controls must be adhered to when providing or receiving sponsorship:

1. All sponsorship-related activities must be completed officially and through the approved communication channels of the Federal Entity.
2. Prohibit receiving or providing sponsorship from or to companies or individuals whose wealth is known to result from illegal activities or when there are indications of corruption and related economic crimes.
3. Prohibit receiving or providing sponsorship from or to companies or individuals who have been convicted of money laundering or terrorism financing.
4. Prohibit receiving or providing sponsorship from or to individuals except after verifying that there is no impediment to receiving or providing sponsorship according to the controls mentioned in this Resolution.
5. All sponsorship contributions are subject to Value Added Tax in cases where there is a benefit in return for the sponsorship.
6. Apply all applicable legislation in the State, including legislation related to taxes.
7. All Federal Entities must issue a tax invoice in cases where there is a benefit in return for the sponsorship.

8. Federal Entities may not receive or provide sponsorship from or to any entity that contradicts its objectives or the objectives of the Federal Government.
9. The received funds may not be used for purposes other than those for which they were received.
10. The sponsorship provider must not have a direct or indirect interest with the Federal Entity that would lead to a conflict of interest.
11. The ownership of the in-kind support provided shall be transferred to the beneficiary entity, ensuring that all official procedures in this regard are completed.
12. All amounts related to sponsorship must be recorded in the designated register from the beginning of the activity until its completion.
13. Disclose in periodic reports and the explanatory note of the final account the details of sponsorship projects, sponsoring entities, and the amounts received and provided, to enhance governance and transparency.
14. If the receipt of an in-kind or financial "cash" sponsorship is approved, and it later becomes apparent to the Federal Entity that there is information, reasons, or changes that lead to a decision to reject the sponsorship, the full amount or the received item shall be returned to the entity that provided it.

Article (10)

Controls for Receiving Sponsorship

All Federal Entities must observe the following controls when receiving project sponsorship from any granting entity:

1. Prepare an annual plan by the organizational units in the Federal Entity regarding projects that aim to attract sponsors to finance or contribute to financing those projects, and submit it to the Head of the Federal Entity before the end of the fiscal year for approval, in preparation for its implementation during the following fiscal year.
2. Prepare a study on the project for which sponsorship is sought, defining its objectives and its alignment with the strategic goals of the entity.

3. Define sponsorship packages that allow more than one partner to participate in sponsoring the project, specifying the characteristics, features, and conditions of each category.
4. Conclude a contract or memorandum of understanding with the granting entity, which shall include the following:
 - a. Identification of the contracting parties (the granting entity and the beneficiary Federal Entity).
 - b. Objectives and outcomes of the sponsored project.
 - c. Tasks and responsibilities of the contract parties.
 - d. A statement of all details related to the sponsorship and the financing mechanism.
 - e. Specification of the contract period.
 - f. Specification of the means and form of using the government entity's logo by the sponsoring entity.
 - g. Specification of the mechanism for handling any surplus from the sponsorship amount, if any.
 - h. Specification of the financial penalties imposed on both parties in case of breach of the contract terms or damage to the reputation of the other party.
5. Open a dedicated bank account to deposit the amounts received from the granting party, which shall be closed after the project is completed, in coordination with the Ministry of Finance.
6. Disclose all details related to the granting entity, the amounts and items received, and the projects to be sponsored in the final account.
7. Prepare a detailed report for each sponsored project, including the project name, sponsorship period, sponsorship value, amounts disbursed to date, and project status, and submit it to the Project Sponsorship Committee and the Head of the Entity.
8. Return the remaining amount to the granting entity if the project is not completed after receiving the sponsorship amount for any reason, unless the concluded contract provides otherwise.
9. Return sponsorship surpluses, if any, to the granting entity after the project is completed, unless the concluded contract provides otherwise.
10. Refuse to receive sponsorship in any of the following cases:
 - a. The policies and objectives of the beneficiary entity conflict with the directions and policies of the Federal Government.

- b. The directions and objectives of the beneficiary entity conflict with the strategic objectives of the Federal Entity.
- c. There is a conflict of interest between the Federal Entity and the granting entity.
- d. If the granting entity represents political, partisan, religious, or sectarian associations.
- e. If the granting entity is unknown, suspicious, or has objectives that conflict with the policy of the State.
- f. If the granting entity has been previously convicted of money laundering or terrorism financing.

Article (11)

Procedures for Receiving Sponsorship

1. All organizational units in the Federal Entity shall submit their proposals for projects for which they wish to attract sponsorship before the end of the fiscal year to the Head of the Federal Entity.
2. The organizational unit responsible for the project shall coordinate with the Committee to prepare a comprehensive study of the project, which shall include the following:
 - a. A detailed description of the project.
 - b. The project's objectives.
 - c. The alignment of the project's objectives with both the objectives and policy of the Federal Government and the strategic objectives of the Federal Entity.
 - d. The estimated cost of the project.
 - e. A list of potential sponsors and the benefits to be granted to them in return for sponsorship.
 - f. The expected value of the sponsorship and sponsorship packages (if any).
3. A summary of the projects shall be presented to the Committee for approval.
4. The projects approved by the Committee shall be included in an annual plan for projects and their sponsorship and submitted to the Head of the Federal Entity for approval.
5. The organizational unit responsible for the project, in coordination with the Government Communication organizational unit, shall

- contact potential sponsors no less than ninety (90) days from the project start date. If there is no Government Communication organizational unit, coordination shall be with the organizational unit responsible for government communication functions.
6. The organizational unit responsible for the project shall coordinate with the organizational unit responsible for preparing contracts to draft and sign the contract by both parties.
 7. In the case of receiving financial "cash" sponsorship, the Financial Affairs organizational unit shall coordinate with the Ministry of Finance to open a special bank account for the received amount.
 8. If there is a benefit in return for the sponsorship provided, the Financial Affairs organizational unit shall issue a tax invoice in this regard.
 9. In the case of receiving in-kind sponsorship, the Committee shall inspect and appraise the received sponsorship, prepare a memorandum, and send it to the Financial Affairs organizational unit.
 10. If the entity applies accrual-based accounting, the Financial Affairs organizational unit shall state the nature of the in-kind sponsorship in the system until it is disbursed for project implementation. If the entity applies the modified cash basis, the in-kind sponsorship must be disclosed in its financial statements.
 11. The organizational unit responsible for the project shall appoint a representative to follow up on the project's implementation.
 12. If the granting entity fails to execute the contract, the matter shall be referred to the relevant organizational unit to take the necessary actions in accordance with the applicable legislation.

Article (12)

Controls for Granting Sponsorship

For the purpose of granting sponsorship to any federal entity to support a project, all Federal Entities must observe the following controls:

1. Do not accept to grant sponsorship until the Federal Entity is provided with a study on the project to be sponsored, showing its desired objectives.

2. Ensure that the objectives of the project to be sponsored are consistent with the policies of the State and the strategic objectives of the Federal Entity.
3. Ensure the availability of a financial appropriation in the budget for project sponsorship.
4. Conclude a contract with the beneficiary entity that includes the following:
 - a. Identification of the contracting parties (the granting entity and the beneficiary entity).
 - b. Tasks and responsibilities of each party.
 - c. Project objectives and outcomes.
 - d. Specification of the sponsorship amount and its disbursement mechanisms.
 - e. Specification of the mechanism for returning any surplus from the sponsorship amount (if any).
 - f. Specification of the financial penalties imposed on the beneficiary entity in case of breach of the contract terms or damage to the reputation of the Federal Entity.
5. Refuse to provide sponsorship in any of the following cases:
 - a. The policies and objectives of the beneficiary entity conflict with the directions and policies of the Federal Government.
 - b. The directions and objectives of the beneficiary entity conflict with the strategic objectives of the Federal Entity.
 - c. If the beneficiary entity represents political, partisan, religious, or sectarian associations.
 - d. If the project conflicts with the State's policies regarding the environment and sustainability.
 - e. There is a conflict of interest between the granting Federal Entity and the beneficiary entity.
 - f. If the entity applying for sponsorship has been previously convicted of money laundering or terrorism financing.

Article (13)

Procedures for Granting Sponsorship

1. The entity requesting sponsorship shall submit a comprehensive study of the project to the Federal Entity, including the following:
 - a. A detailed description of the project.
 - b. The project's objectives.
 - c. The alignment of the project's objectives with both the objectives and policy of the Federal Government and the strategic objectives of the Federal Entity.
 - d. The estimated cost of the project.
2. The request shall be presented to the Committee to study it and ensure it meets all the controls mentioned in Article (12) of this Resolution.
3. If the Committee approves the sponsorship request, the Government Communication organizational unit shall take the following actions:
 - a. Contact the requesting entity to agree on the sponsorship mechanism. If there is no Government Communication organizational unit, coordination shall be with the organizational unit responsible for government communication functions.
 - b. Coordinate with the organizational unit responsible for preparing contracts to draft and sign the contract by both parties.
 - c. Coordinate with the Financial Affairs organizational unit to transfer the sponsorship amount to the requesting entity, if the sponsorship is financial "cash".
 - d. Coordinate with the Procurement organizational unit to ensure the availability of the sponsored materials in the warehouses. If not available, the materials shall be purchased and disbursed to the requesting entity according to its procedures.
 - e. Appoint a representative to follow up on the project's implementation.
4. If the beneficiary entity fails to execute the contract, the matter shall be referred to the relevant organizational unit to take the necessary actions in accordance with the applicable legislation.

Article (14)

Cancellations

The resolutions and circulars issued concerning project sponsorship in the Federal Government are hereby cancelled, and any provision that contravenes or conflicts with the provisions of this Resolution is also cancelled.

Article (15)

Publication and Enforcement of the Resolution

This Resolution shall be published in the Official Gazette and shall come into force on the day following the date of its issuance.

Issued by us: Mohammed bin Rashid Al Maktoum

On: 21 / Safar / 1442H

Prime Minister

Attached Annex

Corresponding to: 08 / October / 2020

to Cabinet Resolution No. (66) of 2020

Concerning the Regulation of Project Sponsorship in the Federal Government

First: Procedures for Recording the Receipt of Financial "Cash" Sponsorship

1. In the case of receiving cash sponsorship, the Financial Affairs organizational unit in the Federal Entity shall contact the Ministry of Finance to open a new bank account.
2. After obtaining the necessary approvals, the Financial Affairs organizational unit shall follow the procedures for opening a bank account as stipulated in the Unified Financial Procedures Manual.
3. The Financial Affairs organizational unit shall issue a tax invoice for the sponsorship value, including the imposition of Value Added Tax if there is a benefit in return for the sponsorship, taking into account the provisions of the Public Clarification issued by the Federal Tax

Authority on the VAT applications for donations, grants, and sponsorship contributions.

In case of applying the Modified Cash Basis:

1. The Financial Affairs organizational unit shall record the accounting transactions upon receiving the sponsorship, grant, or donation as follows:

- a. If Value Added Tax is not applied:

Dr/ Bank (Bank Name - Account Number)

Cr/ Receipts under Settlement (Project Name)

- b. If Value Added Tax is applied:

Dr/ Bank (Bank Name - Account Number)

Cr/ Receipts under Settlement (Project Name)

Cr/ Value Added Tax - Output.

2. The Financial Affairs organizational unit shall record the accounting transactions when disbursing from the sponsorship, grant, or donation amount as follows:

Dr/ Receipts under Settlement (Project Name)

Dr/ Value Added Tax - Input or Dr/ Non-recoverable Value Added Tax

Cr/ Bank (Bank Name - Account Number)

The above VAT accounts for sponsorship, grants, and donations shall have a separate code in the Federal Financial System to distinguish them from those accounts related to the federal budget, and a net VAT item shall be created to close the input and output VAT items.

3. If there is a surplus and the Federal Entity is required to return it to the granting entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Receipts under Settlement (Project Name)

Cr/ Bank (Bank Name - Account Number)

4. If there is a surplus and the Federal Entity is not required to return it to the granting entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Receipts under Settlement (Project Name)

Cr/ Revenue from Non-exchange Transactions (Project Name)

5. Upon completion of the project/event, the Financial Affairs organizational unit shall contact the Ministry of Finance to close the bank account that was opened for this purpose.
6. After obtaining the necessary approvals, the Financial Affairs organizational unit shall follow the procedures for closing the bank account as stipulated in the Unified Financial Procedures Manual.

In case of applying the Accrual Basis:

1. The Financial Affairs organizational unit shall record the accounting transactions upon receiving the sponsorship, grant, or donation as follows:

- a. If Value Added Tax is not applied:

Dr/ Bank (Bank Name - Account Number)

Cr/ Revenue from Non-exchange Transactions – Deferred
(Project Name)

- b. If Value Added Tax is applied:

Dr/ Bank (Bank Name - Account Number)

Cr/ Revenue from Non-exchange Transactions – Deferred
(Project Name)

Cr/ Value Added Tax - Output

2. The Financial Affairs organizational unit shall record the accounting transactions when disbursing from the sponsorship, grant, or donation amount to recognize the expense as follows:

Dr/ Expenses (Project Name)

Dr/ Value Added Tax - Input or Dr/ Non-recoverable Value Added
Tax

Cr/ Bank (Bank Name - Account Number)

The above VAT accounts for sponsorship, grants, and donations shall have a separate code in the Federal Financial System to distinguish them from those accounts related to the federal budget, and a net VAT item shall be created to close the input and output VAT items.

3. The Financial Affairs organizational unit shall record the accounting transactions to recognize the revenue when disbursing from the sponsorship, grant, or donation amount for the value of the amounts actually used, as follows:

Dr/ Revenue from Non-exchange Transactions – Deferred (Project Name)

Cr/ Revenue from Non-exchange Transactions (Project Name)

4. If there is a surplus and the Federal Entity is required to return it to the granting entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Revenue from Non-exchange Transactions – Deferred (Project Name)

Cr/ Bank (Bank Name - Account Number)

5. If there is a surplus and the Federal Entity is not required to return it to the granting entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Revenue from Non-exchange Transactions - Deferred (Project Name)

Cr/ Miscellaneous Revenue (Project Name) - its source must be stated in the entry description.

6. Upon completion of the project/event, the Financial Affairs organizational unit shall contact the Ministry of Finance to close the bank account that was opened for this purpose.
7. After obtaining the necessary approvals, the Financial Affairs organizational unit shall follow the procedures for closing the bank account as stipulated in the Unified Financial Procedures Manual.

Second: Procedures for Recording the Receipt of In-Kind Sponsorship

In case of applying the Accrual Basis:

1. In the case of receiving in-kind sponsorship, the Project Sponsorship Committee shall receive and evaluate the item based on the Accounting Standards Manual for the United Arab Emirates and prepare a memorandum to that effect.
2. The Project Sponsorship Committee shall send the memorandum to the Financial Affairs organizational unit to record it in the Federal Entity's accounts.
3. The Financial Affairs organizational unit shall record the accounting transactions upon receiving the in-kind sponsorship as follows:

Dr/ Inventory

Cr/ Revenue from Non-exchange Transactions – Deferred (Project Name)

4. When the in-kind sponsorship is disbursed, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Expenses by Nature (Materials) (Project Name)

Cr/ Inventory

5. The Financial Affairs organizational unit shall record the accounting transactions to recognize the revenue upon disbursement for the value of the actual disbursement as follows:

Dr/ Revenue from Non-exchange Transactions – Deferred

Cr/ Revenue from Non-exchange Transactions (Project Name)

6. If there is a surplus and the Federal Entity is not required to return it to the granting entity, the Financial Affairs organizational unit shall record the accounting transactions for the value of the remaining inventory as follows:

Dr/ Revenue from Non-exchange Transactions – Deferred

Cr/ Revenue from Non-exchange Transactions (Project Name)

7. If there is a surplus and the Federal Entity is required to return it to the granting entity, the Financial Affairs organizational unit shall record the accounting transactions for the value of the remaining inventory as follows:

Dr/ Revenue from Non-exchange Transactions – Deferred

Cr/ Inventory

In case of applying the Modified Cash Basis:

The Federal Entity must disclose all received in-kind grants/donations in its financial statements.

Third: Procedures for Recording the Granting of Financial "Cash" Sponsorship

After obtaining all approvals and appropriations for the project to be sponsored, the organizational unit responsible for the project shall contact the Financial Affairs organizational unit to disburse the sponsorship amount.

In case of applying the Accrual Basis:

(1) Conditional Grant:

- a. If Value Added Tax is not applied by the entity that received the sponsorship, in accordance with the Public Clarification issued by the Federal Tax Authority on the VAT applications for donations, grants, and sponsorship contributions:

1. The Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Financial Asset - Grant (Project Name)

Cr/ Bank (Bank Name - Account Number)

2. When the conditions are met, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Sponsorship Expenses (Project Name)

Cr/ Financial Asset - Grant (Project Name)

b. If Value Added Tax is applied by the entity that received the sponsorship, in accordance with the Public Clarification issued by the Federal Tax Authority on the VAT applications for donations, grants, and sponsorship contributions, and a tax invoice is received to cover the sponsorship value:

1. The Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Financial Asset - Grant (Project Name)

Dr/ Value Added Tax - Input or Dr/ Non-recoverable Value Added Tax

Cr/ Bank (Bank Name - Account Number)

2. When the conditions are met, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Sponsorship Expenses (Project Name)

Cr/ Financial Asset - Grant (Project Name)

3. If there is a surplus that the beneficiary entity must return to the Federal Entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Bank (Bank Name - Account Number)

Cr/ Financial Asset - Grant (Project Name)

(2) Unconditional Grant:

The Financial Affairs organizational unit shall record the accounting transactions as follows:

- a. If Value Added Tax is not applied by the entity that received the sponsorship, in accordance with the Public Clarification issued by the Federal Tax Authority on the VAT applications for donations, grants, and sponsorship contributions:

Dr/ Sponsorship Expense (Project Name)

Cr/ Bank (Bank Name - Account Number)

- b. If Value Added Tax is applied by the entity that received the sponsorship, in accordance with the Public Clarification issued by the Federal Tax Authority on the VAT applications for donations, grants, and

sponsorship contributions, and a tax invoice is received to cover the sponsorship value:

Dr/ Sponsorship Expense (Project Name)

Dr/ Value Added Tax - Input or Dr/ Non-recoverable Value Added Tax

Cr/ Bank (Bank Name - Account Number)

In case of applying the Modified Cash Basis (conditional or unconditional):

1. The Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Sponsorship Expense (Project Name)

Cr/ Bank (Bank Name - Account Number)

2. If there is a surplus that the beneficiary entity must return to the Federal Entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Bank (Bank Name - Account Number)

Cr/ Sponsorship Expense (Project Name)

Fourth: Procedures for Recording the Granting of In-Kind Sponsorship

After obtaining all approvals and appropriations for the project to be sponsored, the organizational unit responsible for the project shall contact the Financial Affairs organizational unit to disburse the sponsorship amount.

In case of applying the Accrual Basis:

1. The Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Inventory

Cr/ Bank (Bank Name - Account Number)

2. When the conditions are met, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Sponsorship Expenses (Project Name)

Cr/ Inventory

3. If there is a surplus that the beneficiary entity must return to the Federal Entity, the Financial Affairs organizational unit shall record the accounting transactions as follows:

Dr/ Assets / Inventory

Cr/ Sponsorship Expense (Project Name)

In case of applying the Modified Cash Basis:

The Federal Entity must record the inventory in the warehouse records.