

**Soliciting, Receiving, Recording and Acknowledging Gifts**

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**I. Purpose**

To establish responsibilities, policies, and procedures for the solicitation, receipt, timely processing, acknowledgement and expenditure of all cash and non-cash gifts to the University of Kentucky.

**II. Definitions**

- *Advancement Fee*: The University assesses a one-time fee on non-endowed gifts to support its advancement initiatives and those of the college(s) or program(s) to which the contribution is directed. [www.kentuckycan.uky.edu/ways-to-give/advancement-fee](http://www.kentuckycan.uky.edu/ways-to-give/advancement-fee).
- *Charitable Gift Annuity*: A contract between a donor and the University where the donor contributes assets to the University. The University agrees to pay the donor, or the donor's designee(s), a fixed amount for a specified period of time, generally until the death of the annuitant. The University can spend the funds donated upon receipt. However, the University remains legally obligated to make annuity payments as required by the contract. The University has elected to establish a gift annuity reserve, or investment account, to provide for annuity payments. Upon the death of an annuitant, the residual value of the reserve transfers to the University and must be spent for the purpose specified in the contract.
- *Charitable Remainder Annuity Trust (CRAT) (with the University serving as trustee)*: A trust agreement between a donor and the University where the donor contributes assets to the trust and the University, as trustee, establishes a separate trust account and manages the trust assets. The trust pays an income beneficiary (the donor or the donor's designee(s)) a fixed amount, usually 4 – 8% of the original trust assets, for a specified period of time, generally until the death of the income beneficiary. At the end of the trust period, the trust distributes the remaining trust assets to the beneficiaries. Generally, the University is the sole beneficiary and the residual assets must be used for the purpose stated in the trust agreement. The amount paid to the income beneficiary is based on the initial gift and no gifts can be added to the trust later. Thus, the annuity payment stays constant through the life of the trust.
- *Charitable Remainder Unitrust (CRUT) (with the University serving as trustee)*: A charitable trust similar to a CRAT, but with an amount agreed upon, usually 4 – 8% of market value, to be paid to the donor for life or a term of years. At the end of the trust period, the trust distributes the remaining trust assets to the beneficiaries. Generally, the University is the sole beneficiary and the residual assets must be used for the purpose stated in the trust agreement. The amount distributed is equal to the amount of the remaining trust assets after all income payments and other administration expenses are satisfied. Additional gifts can be received by the trust at any time after the initial gift. The terms of the unitrust payment are specified within the original agreement.
- *Endowment Agreement*: An agreement between the University and the donor(s) outlining the purpose and administration of an endowment fund.
- *Endowment Fund*: A fund established with gifts from donor(s), appropriations from the Commonwealth of Kentucky or grants from an agency, with the requirement that they be held and invested in perpetuity to generate annual

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distributions for support of University programs. Endowment fund may also refer to the collection of individual funds.

- *External Trust:* Charitable trusts set up in an outside financial institution, where the University is the beneficiary of the spending distribution according to the terms and conditions of the trusts. Funds are received quarterly or annually as pre-arranged with a financial institution.
- *Gift Acceptance Committee:* A committee comprising of UK Philanthropy, UFS, Risk Management, Healthcare Corporate Compliance, and other staff to determine acceptability of a gift by the University, to determine how these gifts are counted in the University's overall fundraising results, and to provide guidance to internal stakeholders relative to non-cash gifts.
- *Non-cash Gifts (Gifts in-Kind):* Nonmonetary gifts including securities; life insurance contracts; real estate; tangible personal property such as art, coin collections, gems/jewelry, books, stamp collections, vehicles, and equipment; and intangible personal property such as computer software, business interests, patents and copyrights.
- *Private Business Use:* The use of tax-advantaged bond financed property, including property financed with tax-exempt bonds or build America bonds, in a trade or business carried on by a person other than a state or local government entity.
- *Quasi Endowment:* A fund established by the Board of Trustees with unrestricted or restricted resources that are otherwise expendable. A quasi endowment is generally established upon receipt of large, unexpected or unusual revenues, such as an estate gift or litigation settlement, and should be viewed as a permanent investment for purposes of generating a reliable revenue stream in the form of endowment spending distributions. Upon establishment, total return of a quasi endowment fund is distributed in accordance with the endowment spending policy approved annually by the Board of Trustees Investment Committee (see [Endowment Investment Policy](#)). The Board has delegated the Executive Vice President for Finance and Administration the authority for establishment and liquidation of individual quasi endowment funds valued at less than \$1,000,000. In extenuating circumstances and with approval of the Board of Trustees, a quasi endowment may be liquidated and returned to operating funds for current expenditure.
- *Restricted Gifts:* Funds available for financing current operations, endowments, or capital expenditures, but which are limited by donors and other external agencies to specific expenditure purposes, programs, or organizational units. Funds received in support of specific sponsored projects that benefit the sponsor directly are not considered gifts to the University.
- *Securities:* Financing or investment instruments bought and sold in financial markets, such as bonds issued by corporations or government agencies, shares of corporate stocks and mutual funds.
- *Unrestricted Gifts:* Funds available for financing current operations, but which are not limited by donors to specific expenditure purposes, programs, or organizational units.
- *Term Endowment:* A fund established by an external donor or other outside party with the requirement that the principal be held and invested until the passage of a specified period of time or the occurrence of a particular event. Total return of the fund's investments is distributed in accordance with the endowment spending policy approved annually by the Board of Trustees.

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- *True Endowment*: An endowment fund established by an external donor or other outside party with the requirement that the principal be held and invested in perpetuity. Total return of the fund's investments is distributed in accordance with the endowment spending policy approved annually by the Board of Trustees.
- *UK Philanthropy (UKP)*: University's central philanthropy office.
- *University Financial Services (UFS)*: University's central financial services division.

**III. Responsibilities**

- A. The Vice President for Philanthropy and Alumni Engagement is responsible for the management, planning, stewardship, and coordination of all University philanthropy efforts and for fundraising services to the University. The Vice President for Philanthropy and Alumni Engagement works closely with the President and the administration in identifying and achieving fundraising priorities of the University. UK Philanthropy provides philanthropic oversight to all colleges, centers, programs, academic and administrative units, and affiliated foundations. The Office provides opportunities and assistance to individuals, corporations, trusts, and foundations who wish to make charitable gifts and charitable grants to the University. In this role, the Office manages certain centralized philanthropy functions for the benefit of the University at large. These include Alumni Relations, Principal and Planned Gifts, Corporate and Foundation Relations, Donor Prospect Management and Development, Fellows Society Recognition, Philanthropy Communications, Annual Giving, and Gift Receiving, which acknowledges and receives all gifts for the University. These central functions are performed in conformity with UK Philanthropy policies and procedures, and Business Procedures Manual E-22. UK Philanthropy shall:
1. Coordinate gift-related activities including capital fund campaigns, estate and planned giving programs, donor relations, annual giving programs, and donor communication and recognition programs;
  2. Coordinate the development of endowment agreements with donors in accordance with [Section IV.D.](#) below;
  3. Process and acknowledge all gifts from private sources in compliance with Internal Revenue Service regulations;
  4. Determine, in consultation with UFS, if funds received are gifts rather than payments for goods or services and ensure that gifts are credited to the correct fund accounts;
  5. Promptly notify UFS of the following gift-related fiduciary arrangements or any other gifts with unusual terms or conditions to ensure the accuracy of the accounting data in the proper fiscal year:
    - a. Trusts and annuities to be held by the University;
    - b. Real property to be held by the University for a period of time or in perpetuity;
    - c. Trusts to be held by a third party for which the University is beneficiary of the net income; and
    - d. Bonds to be held by the University until maturity
  6. Maintain the documentation for all gifts received including endowment agreements, letters, annual giving cards, copies of checks, etc.;
  7. Coordinate gifts for research with the Office of Sponsored Program Administration (OSPA) and other appropriate offices when the gift requires:
    - a. Use of human subjects ([see AR 7:4](#));
    - b. Use of animals ([see AR 7:5](#));

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- c. Use of radioactive or hazardous materials ([see AR 6:3](#));
  - d. Allocation of University space; or
  - e. Preparation of a detailed budget to be submitted to the donor; and
  - f. An annual report to be provided to OSPA on the total amount of gifts received for research.
8. Coordinate with UFS when a facility is financed with tax-advantaged debt and the facility, or any portion thereof, will be named after an individual or company in exchange for a gift, either under an agreement or by the goodwill of the University. UK Philanthropy will supply UFS with documentation related to the gift, including the amount of the gift and the purpose, so it can be determined whether or not the arrangement gives rise to private business use and should be tracked appropriately for post-issuance compliance purposes.
9. Coordinate the management and disposition of real property donated to the University with the Real Property Division, Office of Legal Counsel, and other appropriate units
- D. UFS shall:
- 1. Coordinate gift and endowment accounting as requested by UK Philanthropy or departments;
  - 2. Coordinate the liquidation of donated securities;
  - 3. Administer charitable trusts and gift annuities; and
  - 4. Provide financial reporting in accordance with University policies.
- E. The University college, department, program or affiliate benefitting from the gift shall:
- 1. Manage expenditures from restricted gifts and endowment fund distributions in accordance with the limits imposed by the donors and other external agencies, and
  - 2. Reconcile gifts received to the University's accounting system in accordance with BPM [E-17-6 Reconciliation and Review of Financial Transactions](#).

**IV. Policy**

- A. In accordance with Governing Regulation II.E.2.d., private gifts and pledges of \$1,000,000 or more paid over five (5) years or less shall be presented to the Board of Trustees. The President may accept pledges and gifts in cash or in-kind up to the amount or value of one million dollars. The President is authorized to accept gifts in excess of one million dollars when the President deems acceptance a matter of urgency, provided that all such pledges and gifts, after acceptance, are reported regularly to the Board of Trustees.
- B. The University will utilize gifts only for the purpose stated by the donor in compliance with regulations, restrictions, or limitations imposed by donors providing such funds.
- C. The University assesses a one-time fee on non-endowed gifts to support its advancement initiatives and those of the college(s) or program(s) to which the contribution is directed. [www.kentuckycan.uky.edu/ways-to-give/advancement-fee](http://www.kentuckycan.uky.edu/ways-to-give/advancement-fee).
- D. The minimum level for endowment funds and categories of endowment funds are established by [Administrative Regulation 8:4](#).
- E. An endowment gift made by a donor during his/her lifetime must be accompanied by a signed endowment agreement. The endowment agreement should follow a template provided by UK Philanthropy for the type of endowment being established unless otherwise approved by the Vice President for Philanthropy and the Treasurer of the University. The endowment agreement templates include mandatory

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language and elements but can be customized as appropriate when special circumstances warrant. UK Philanthropy must be consulted on material changes in an agreement's terms early in the discussions with the donor.

- F. Endowment agreements must identify or clarify the following matters:
1. Identification of the donor;
  2. Amount of the gift, including payment schedule if the gift will not be paid in full at the time of executing the gift agreement, and description of any condition or contingency to payment;
  3. The purpose of the endowment to be created;
  4. Statement that the endowment will be administered in accordance with the investment and endowment spending policies of the University;
  5. Criteria for, and allocation of, spending distribution;
  6. Whether a pledged sum is intended to be binding on the donor and enforceable against the donor's estate;
  7. Options in the event of inadequate funding to support the stated purpose;
  8. In the case of long-term endowment gifts with a donor deceased or unavailable, clarification on authority of the Board of Trustees to approve a closely-related purpose if the original purpose becomes obsolete or precluded because of changes in the law or other good cause.; and
  9. For pledges of \$1,000,000 and above, the endowment agreement shall contain a provision to ensure that the pledge is legally binding on the donor's estate, unless the Vice President for Philanthropy and Alumni Engagement grants an exception upon consultation with the President and Executive Vice President for Finance and Administration.
- G. All gifts for deposit to the University must be made payable to the University and managed in accordance with [BPM E-2-1 Treasury Operations Manual](#).
- H. No member of the administration, faculty or staff shall form, or assist in forming, any entity, corporate or otherwise, for the purpose of soliciting or receiving any gift, without prior written approval of UK Philanthropy.
- I. No member of the administration, faculty or staff shall establish any account on behalf of the University in a banking institution into which gift funds are, or may be, deposited.
- J. Due to specific IRS regulations and case law regarding private inurement, University employees cannot donate to funds over which they have expenditure authority and receive a charitable gift tax acknowledgment.

**V. Gift Receiving and Depositing Procedures**

Gifts of cash or check and documentation of in-kind gifts received by a college, department, program or affiliate of the University must be reported to UK Philanthropy within 24 hours. Any information that identifies the purpose of the gift and the donor's intent for use must also be reported to UK Philanthropy to assist in preparing the University's IRS gift acknowledgement letter and to ensure the gift is credited to the correct cost object or fund account. Information about the gift must also be communicated to the unit business officer. If a gift meets the criteria outlined in [Section III.B.8.](#) above. UK Philanthropy will coordinate with UFS to determine if the arrangement gives rise to private business use by supplying all documentation related to the gift. Whenever the gift is in the amount of one hundred dollars or more, a letter of appreciation from the chair, director, dean, Provost, or Executive Vice President should be sent to the donor. The letter of appreciation shall not specify the amount of the gift.

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A. Gifts of cash or check

1. The unit philanthropy representative or business officer must prepare a cash or check transmittal form in accordance with [BPM E-2-1 Treasury Operations Manual, Section II](#) and forward the transmittal with the gift to Treasury Services. A full copy of the gift deposit to include legible copies of all checks and additional information that identifies the purpose of the gift and donor's intent for use must be sent to UK Philanthropy by email to [giftstouk@uky.edu](mailto:giftstouk@uky.edu). Supporting documentation may include the name and address of the donor, solicitation code, if applicable, and a note regarding any special handling required for the acknowledgement. See [BPM E-2-11 Cash Payments over \\$10,000](#) for more information should the cash gift exceed \$10,000.
2. UK Philanthropy will make a record of each gift to the appropriate University cost object or fund account in keeping with the donor's designation and as instructed by the unit business officer or other appropriate representative from the department or University activity for which the gift is intended and issue an official letter of acknowledgement to the donor on behalf of the University.
3. If the gift is to be deposited to a new cost object or fund account, the philanthropy officer/philanthropy representative must forward the pertinent information to the unit business officer for the designated college, department, program or affiliate of the University. The unit business officer will submit the required information to UFS through the appropriate area fiscal office for creation of a new cost object as outlined in [Section VII](#).
4. All gifts deposited to restricted discretionary fund accounts and new donations to any restricted account must be supported with a copy of the donor's letter stating the purpose of the gift. Deposits must not be made to any restricted cost object or fund account without the donor's letter or a fully executed endowment agreement. UK Philanthropy will review the donor's letter stating the purpose of the gift and shall obtain from the college, department, program or affiliate of the University for which the gift is intended the appropriate cost object or fund name and number, deposit the gift, and prepare the official gift acknowledgement letter on behalf of the University, per IRS regulations.
5. UK Philanthropy will enter the gift and all relevant information on a permanent, confidential donor's gift record maintained by UK Philanthropy and send an electronic daily report listing all donors to the philanthropy officer/philanthropy representative and budget officer, or designee, of the college, department, program or affiliate of the University involved for every gift and pledge received.
6. All gifts for research that are not a sponsored project or of a contractual nature that are processed by the Office of Sponsored Projects Administration shall be receipted and recorded by UK Philanthropy as described above.
7. The University office benefitting from the gift shall present a request for an expenditure authorization to the University Budget Office for the approval of the Board of Trustees in order that expenditures can be processed against the gift fund.

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8. Requests by donors for information as to the contributed value or market value of fund(s) they have established with the University shall be forwarded to UK Philanthropy for a reply.

**B. Non-Cash Gifts (Gifts in-Kind)**

**1. Acceptance Policies**

- a. Prior to the acceptance of a non-cash gift, the college, department, program or affiliate receiving the gift should consult with UK Philanthropy. UK Philanthropy determines whether non-cash gifts require review by the Gift Acceptance Committee and will consult with appropriate University offices, such as UFS, Purchasing, Office of Legal Counsel and Risk Management, regarding acceptance of the gift.
  - b. The University should only accept gifts that can be used in relation to its public purpose or readily converted to cash.
  - c. See below for additional policies related to gifts of securities or real property.
2. The college, department, program or affiliate receiving the gift shall forward all non-cash gift documentation to UK Philanthropy including:
- a. Non-Cash Gift Agreement (NCGA) on a UK Philanthropy approved form, including the following minimum information:
    - 1) Donor's name and address;
    - 2) Description of the donated property;
    - 3) Donor's estimated monetary value of the gift;
    - 4) Date the University received the gift;
    - 5) Identification of any goods or services received by the donor in exchange for the gift; and
    - 6) Whether the gift can be used to advance the University's public mission or can be readily converted to cash.
    - 7) NCGA shall be signed by an authorized representative of the college, department, program or affiliate receiving the gift.
    - 8) For gifts valued over \$5,000, the NCGF shall be signed by representatives from UK Philanthropy, UFS and the Office of Legal Counsel. The Gift Acceptance Committee may require additional signatures, such as Purchasing, Corporate Compliance and/or Risk Management.
  - b. Documentation of Value

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- 1) If the estimated fair market value is less than or equal to \$5,000 per item or collection of similar items, no additional documentation regarding value is required for University purposes. The University may rely on the donor's estimated value of the gift for purposes of annual fundraising reporting. The University does not record these gifts on its financial statements.
  - 2) If the estimated fair market value exceeds \$5,000 per item or collection of similar items, the college, unit or division should provide independent documentation substantiating the value of the gift to UK Philanthropy and UFS. Examples of substantiating documentation include: appraisals, letters from experts/dealers, receipts, invoices, itemized inventory lists or published value listings (catalogue or internet).
  - 3) The donor is responsible for determining whether a qualified appraisal is required in accordance with the applicable IRS and Treasury regulations for purposes of substantiating a charitable tax deduction for the gift. If a qualified appraisal is required, the donor should obtain it at his/her own expense and provide a copy of the qualified appraisal to the University.
- c. Non-cash gifts of technology, equipment, and software raise a number of considerations related to purchasing, licensing, privacy and data-sharing. As a result, some or all of the following documentation may be required for the University to accept such gifts.
- 1) Licenses and Policies. Any and all licenses, policies or agreements that the University will be required to sign or agree to in order to use the gifted equipment, technology or software shall be provided to UK Philanthropy for review.
  - 2) Business Associate Agreement. If use of the donated technology, equipment, and/or software involves the sharing of personal or patient information, the parties will be required to execute the University's Business Associate Agreement governing the use of such information in accordance with all applicable privacy laws.
  - 3) Technical specifications.
- d. See below for additional policies related to gifts of securities or real property.
2. Recording and Acknowledgement.
- a. UK Philanthropy will record all non-cash gifts accepted by the University for gift recognition purposes. UFS will record non-cash gifts valued over \$5,000 in the University's accounting records.
  - b. Gifts of new equipment and software will be recorded at the educational discount value, which is defined as the value the University would have



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paid had the equipment or software been purchased from the vendor.

- c. UK Philanthropy will issue a letter acknowledging receipt of the gift for the donor's tax purposes and, when required, will sign the acknowledgment section of IRS Form 8283 "Noncash Charitable Contributions" that has been correctly completed by the Donor and Donor's appraiser.
- d. The college, unit or division receiving the gift should initiate such additional communication as it deems appropriate to recognize and thank the donor for its contribution.
- e. UK Philanthropy will enter the gift and all relevant information on a permanent, confidential donor gift record maintained by UK Philanthropy and send an electronic daily report listing all donors to the philanthropy officer/philanthropy representative and budget officer, or designee, of the college, department, program or affiliate of the University involved for every gift and pledge received.
- f. See below for additional policies related to gifts of securities or real property.

3. Securities.

- a. UK Philanthropy will provide donors with information on the transfer process for securities.
- b. Any physical securities received by a college, department, program or affiliate of the University should be delivered to UK Philanthropy the same or next day of receipt to establish date of gift for valuation purposes. Information on a gift of securities, including donor's gift envelope and a copy of all of the donor's correspondence, should be forwarded to UK Philanthropy with the physical securities. UK Philanthropy will then deliver the securities to Accounting and Financial Reporting Services in UFS.
- c. UFS will send the securities for endowments or operating gifts to the investment custodian and will send securities for trust and annuity or planned giving programs to the trust and annuity administrator.
- d. The valuation of the gift will be provided to UK Philanthropy by UFS the next business day.
- e. UFS will immediately initiate the liquidation of gifts of securities unless specifically directed otherwise by the donor or UK Philanthropy.
- f. UFS will credit the receiving endowment or gift account once the securities have been liquidated and the funds are available.
  - 1) For gifts of securities traded in the public markets, an average of the high and low trading price on the date of receipt will be used to value the gift.

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- 2) For gifts of securities not traded in the public markets in excess of five thousand dollars, the donor is required to provide a qualified appraisal of the security in accordance with federal tax regulations.
- g. Any difference between the actual proceeds and the market value of the securities on the date of receipt will be borne by the University. However, if a donor places liquidation restrictions on the gift that require the University to hold the security for an extended period of time, any difference between the actual proceeds and the market value on the date of receipt will result in an adjustment to the receiving gift account.
- h. A copy of all transaction details will be provided to UK Philanthropy.
4. Real Property.
  - a. Due Diligence. Prior to acceptance of real property, an environmental assessment, title search and metes and bounds survey shall be performed by the Real Property Division or a third-party consultant. Further, gift instruments between the University and a donor should include a clause stipulating that the acceptance of real property is subject to the results of an environmental assessment, title search and metes and bounds survey to be performed by the Real Property Division or a third-party consultant.
  - b. For gifts of real property except for Charitable Trusts or Gift Annuities:
    - 1) UK Philanthropy will promptly notify UFS of the gift of real property and will coordinate the transfer of the legal title and the documentation of a qualified appraisal.
    - 2) UFS will credit the receiving gift account and record a real estate investment for the fair market value of the gift as soon as legal title to the gift property has been transferred and an appraised value has been established. Eventual liquidation of the property will provide the funds for the gift and enable the reversal of the real estate investment.
    - 3) Any difference between the amount realized upon liquidation and the appraised value of the property on the date of receipt will result in an adjustment to the receiving gift account.
    - 4) All costs incurred by the University prior to taking title to the property will be reimbursed to the University from the sales proceeds of the property, reducing the ultimate credit to the receiving gift account. These "pre-title" costs include appraisals, title searches, environmental testing, surveys, etc. Pre-title costs will be accounted for in a Real Property receivable account.
  - c. For gifts of real property donated to fund Charitable Trusts or Gift Annuities:
    - 1) Prior to liquidation of real property donated to fund a charitable trust

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or gift annuity, the University can begin making quarterly trust or annuity payments to the donor based on the annuity payout rate applied to the fair market value of the property on the date of receipt.

- 2) In order for trust or annuity payments to be made prior to sale of the property, a transfer of funds equal to the fair market value of the property must be made from the University's general fund to the trust or annuity fund by establishing a due to/due from. These funds will be transferred to the University's external trust and gift annuity manager for investment. Upon sale of the property and receipt of the proceeds, the general fund will be reimbursed by reversing the due to/due from.

**VI. Endowment and Gift Agreements**

- A. The gift officer representing a college, unit or affiliate shall work with the donor to determine general terms and conditions of an endowed or non-endowed gift. The gift officer should submit the gift terms to UK Philanthropy through its approved electronic system.
- B. UK Philanthropy will prepare the agreement and circulate it for review by the Office of Legal Counsel, UFS, and the college, unit or UK affiliate. UK Philanthropy will work with the gift officer to reconcile the terms required by the University and the wishes of the donor.
- C. UK Philanthropy will be circulate the approved agreement to the following parties for signature. Signatures may be obtained manually or electronically.
  1. University Legal Counsel
  2. Vice President for Philanthropy
  3. Treasurer
  4. College Dean/Program Director
  5. Donor; and
  6. President (when required)
- D. A copy of the fully-signed agreement will be electronically routed to the following parties. The gift officer should ensure/confirm that the donor receives a copy.
  1. Donor
  2. College, unit or affiliate (Gift Officer and Business Officer)
  3. UFS
  4. UK Philanthropy Gift Receiving, Stewardship and leadership

**VII. Establishing Endowment Funds and Related Cost Centers**

- A. The unit business officer shall complete an [Endowment Fund Creation Request Form](#) and a [Cost/Funds Center Create Form](#). These forms shall be forwarded with a copy of the signed and completed endowment agreement to the Provost Budget Office or the University Budget Office, whichever is the appropriate office for the college or area, for approval. Once approved, the Provost Budget Office or the University Budget Office will forward the completed and approved documents to Accounting and Financial Reporting Services.
- B. Accounting and Financial Reporting Services will review and approve the forms and enter the data into SAP.
- C. Accounting and Financial Reporting Services will notify the unit business officer and the Provost Budget Office or the University Budget Office of the new fund and cost center numbers once they are assigned.
- D. Accounting and Financial Reporting Services will maintain copies of the documents related to an endowment fund, including the agreement, the account create forms,

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and any subsequent accounting forms.

- E. A cost/fund center may only receive distributions from one endowment fund. Further, operating and capital gifts may not be recorded to cost centers receiving endowment distributions. If a donor wishes to provide annual support to supplement the spending distribution, a separate cost center must be established by the budget officer to deposit this revenue.

**VIII. Fundraising Events**

- A. The following procedures must be adhered to prior to public dissemination of material for a fundraising event.
  - 1. The purpose of the fundraising event and the program, endowment, research or scholarship to receive the proceeds from the event must be clearly defined.
  - 2. A cost center must be established for each fundraising event prior to receiving any gifts or contributions.
  - 3. A budget must be established to include anticipated revenues and expenses.
  - 4. If the Fundraiser includes receipt of goods or services by a donor attendee, the fair market value of donated goods or services to be received in return for purchase of a ticket to the event must be identified.
- B. Invitations to a fundraising event shall state the fair market value of the benefit to be received by the attendee donor (i.e., the quid pro quo amount) and shall indicate the amount paid by the donor that exceeds the value of the benefit received.
- C. Sponsorship of an event may qualify as a gift. Contact UK Philanthropy–Gift Receiving for more information.
- D. All gifts received will be processed in accordance with the procedures outlined in [BPM E-2-1 Treasury Operations Manual](#). Acceptance of credit cards for fund raising events must be coordinated with the appropriate unit business officer and UFS.
- E. Silent Auctions
  - 1. Items donated for the purpose of a silent auction at a fundraising event will be acknowledged as a non-cash gift only if the item is sold. Documentation on the gift and the amount the item was sold for shall be submitted to UK Philanthropy.
  - 2. Services offered by an individual or business shall not be acknowledged as a gift by UK Philanthropy.
- F. UK Philanthropy shall send the donor acknowledgement of the donation per the procedures outlined above.
- G. Proceeds from a fundraising event must be forwarded to UK Philanthropy with a cash transmittal that indicates the deposit information and accounting, including cost centers and general ledger accounts, for the funds.
  - 1. The gift portion and quid pro quo amount from each ticket should be separately recorded in the fundraising cost center using the appropriate general ledger accounting codes.
  - 2. Funds received from internal sponsors should be separately recorded in the fundraising cost center using the appropriate accounting codes. Internal funds will not be recorded as a gift by UK Philanthropy.
- H. Discretionary expenditures related to a fundraising event must follow the procedures outlined in BPM [E-7-10 Discretionary Policy](#).
- I. After all the fundraising event expenses have been paid, funds remaining in the fund raising event cost center from quid pro quo funds may be transferred to the beneficiary account. Documentation for the gift and quid pro quo amounts should

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be submitted to Accounting and Financial Reporting Services with the transfer request.

- J. Funds received from internal sponsors cannot be transferred to a gift or endowment fund but can be used to pay fundraising event expenses.