

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

II. 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. UKPAE provides philanthropic oversight to all colleges, centers, programs, academic and administrative units, and affiliated foundations. UKPAE 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, UKPAE 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, Information Services and Gift Receiving, which acknowledges and receives all gifts for the University. These central functions are performed in conformity with UKPAE policies and procedures, and Business Procedures Manual E-22-2, E-22-3, and E-22-4. UKPAE 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 (IRS) regulations.
4. Determine, in consultation with AFRS, 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 AFRS 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 Projects 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
 - 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 AFRS 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. Coordinate the management and disposition of real property donated to the University with Real Estate Services, Office of Legal Counsel, and other appropriate units.
- D. AFRS shall:
 - 1. Coordinate gift and endowment accounting.
 - 2. Coordinate the liquidation of donated securities.
 - 3. Administer charitable trusts and gift annuities.
 - 4. Provide financial reporting in accordance with University policies, GASB, GAAP, and federal and state regulations.
 - 5. Determine whether an agreement with naming rights gives rise to private business use and track applicable gifts for UBIT compliance.
- E. The unit 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.
 - 2. Reconcile gifts received to the University's accounting system in accordance with BPM [E-17-6 Reconciliation and Review of Financial Transactions](#).
 - 3. Provide stewardship and donor documentation as required in the agreement or as requested by UKPAE.
 - 4. Utilize endowment spending distributions and non-endowed gifts in a timely manner in accordance with donor intent. If needed and if possible, collaborate with UKPAE and the donor to revise an endowment agreement when unable to utilize spending distribution.

III. Policy

- A. In accordance with Governing Regulation II, 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 advancement 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.
- 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 their lifetime must be accompanied by a signed endowment agreement. The endowment agreement should follow a

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template provided by UKPAE for the type of endowment being established unless otherwise approved by the Vice President for Philanthropy and Alumni Engagement and the Treasurer of the University. The endowment agreement templates include mandatory language and elements but can be customized as appropriate when special circumstances warrant. UKPAE 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 term endowments, the endowment threshold and term date must be stated in the agreement.
- 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 UKPAE.
- 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.
- K. Contributions given in support or in appreciation of a specific employee's work are considered gifts to the University and should remain at the University if the employee transfers to another institution.
- L. Total return of the endowment fund's (quasi, term and true) investments is distributed in accordance with the endowment spending policy approved annually by the Board of Trustees. See [Endowment Investment Policy](#) for more information.
- M. Gift acknowledgments
 - 1. UKPAE Gift Receiving will issue an official letter of acknowledgment to the donor on behalf of the University.
 - 2. 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.
- N. UKPAE will enter the gift and all relevant information on a permanent, confidential donor gift record maintained by UKPAE and send an electronic daily report listing all donors to the philanthropy officer/philanthropy representative and budget

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officer, or designee, of the college, department, program or affiliate of the University involved for every gift and pledge received.

- O. For information regarding fundraising events, see BPM E-22-4.
- P. For information regarding planned gifts, see BPM E-22-3.

IV. Gift Receiving and Depositing Procedures**D. 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](#) 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 UKPAE Gift Receiving by email to 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 on cash gifts exceeding \$10,000.
2. 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 AFRS through the appropriate area fiscal office for creation of a new cost object as outlined in [Section VI](#).
3. 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.
4. 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 UKPAE.
5. UKPAE Gift Receiving will
 - a. Review the donor's letter stating the purpose of the gift
 - b. 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
 - c. Issue an official letter of acknowledgement to the donor on behalf of the University.
6. 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 UKPAE for a reply.

E. 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 UKPAE Gift Receiving. UKPAE determines whether non-cash gifts require review by the Gift Acceptance Advisory Committee and will consult with appropriate University offices, such as AFRS, Procurement Services, Office of Legal Counsel, UKHC Compliance and Risk Management, regarding acceptance of

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- the gift.
- b. The University should only accept gifts that can be used in relation to its mission or readily converted to cash.
2. The college, department, program or affiliate receiving the gift shall forward all non-cash gift documentation to UKPAE including:
 - a. Non-Cash Gift Agreement (NCGA) on a UKPAE 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) How 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 NCGA shall be signed by representatives from UKPAE, AFRS and the Office of Legal Counsel. The Gift Acceptance Advisory Committee may require additional signatures, such as Procurement Services, Corporate Compliance and/or Risk Management.
 - b. Documentation of Value
 - 1) For all gifts, the donor should provide the fair market value.
 - a) 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.
 - b) 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 donor's valuation of the gift to UKPAE and AFRS. Examples of substantiating documentation include appraisals, letters from experts/dealers, receipts, invoices, itemized inventory lists or published value listings (catalogue or internet).
 - 2) 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 their 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. Licenses, policies or agreements that the

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University will be required to sign or agree to in order to use the gifted equipment, technology or software shall be provided to UKPAE 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.
3. Recording and Acknowledgement
- a. UKPAE will record all non-cash gifts accepted by the University for gift recognition purposes. AFRS 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 paid had the equipment or software been purchased from the vendor.
 - c. UKPAE 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.
4. Securities
- a. UKPAE 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 UKPAE Gift Receiving 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 the donor's correspondence, should be forwarded to UKPAE with the physical securities. UKPAE will then deliver the securities to AFRS.
 - c. AFRS 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 UKPAE by AFRS the next business day.
 - e. The liquidation of gifts of securities will occur automatically unless specifically directed otherwise by the donor or UKPAE.
 - f. AFRS 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.
 - 2) For gifts of securities not traded in the public markets in excess of \$5,000, the donor is required to provide a qualified appraisal of the

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- 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 UKPAE Gift Receiving.

V. Endowment and Gift Agreements

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

VI. 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 endowment forms and documentation to Accounting and Financial Reporting Services at endowment@uky.edu.
- 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 establishment of an endowment fund, including the agreement, the

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account create forms, and any subsequent accounting forms.

- E. A cost/fund center may only receive distributions from one endowment fund. Further, spending distribution cost centers may not receive operating gifts, capital gifts, reimbursed costs, or any revenue other than the spending distributions (GL 431001) from its associated endowment fund. 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.

VII. Definitions

- *Advancement Fee*: The University assesses a one-time [advancement 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.
- *Donor Advised Funds (DAF)*: An investment account created to support charitable organizations. DAFs give donors the flexibility to recommend how much and how often money is granted to the University and other qualified charities.
- *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 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 Advisory Committee*: A committee comprised of UK Philanthropy, AFRS, Risk Management, Healthcare Corporate Compliance, UK Research, Office of the Provost 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. For more information, [see E-2-2 Investment Earnings Policy](#).
- *Restricted Gifts*: Funds available for financing current operations, endowments, or capital expenditures, but which are limited by donors and other external

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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.
- *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.
- *UK Philanthropy and Alumni Engagement (UKPAE)*: University's central philanthropy and alumni office.
- *Accounting and Financial Reporting Services (AFRS)*: University's central financial services department.