



## **POLICY & PROCEDURE DOCUMENT**

NUMBER: 7.2001

DIVISION: Philanthropy and Alumni Engagement

TITLE: Philanthropic Gift Acceptance

DATE: June 3, 2024

REVISED: November 11, 2024

AUTHORIZED BY: Amanda Trabue, Vice President for Philanthropy and Alumni Engagement

### **I. Purpose and Scope**

Western Kentucky University (WKU) has set forth the following policy, which establishes the guidelines to be followed in the solicitation, acceptance, and utilization of all private gifts that benefit the functions of the University. By direction of the President of the Institution, the Division of Philanthropy and Alumni Engagement (PAE) is charged with overseeing fundraising activities to further the vision and mission of WKU. The fundraising activities include identifying, cultivating, soliciting, and stewarding prospects for private gifts. Any intended gift and any restrictions on its use should be acceptable and support the mission and values of WKU and its associated entities.

### **II. Policy**

#### **A. Guidelines and Approvals**

1. A gift is a voluntary and irrevocable transfer of any item of value to the University by a donor who expects nothing of value in return other than recognition and stewardship (for example, being listed on an honor roll or provided a naming opportunity). If the University gives the donor something of value (a "benefit") in return for a gift, the value of the gift on the University's records and the donor's tax deduction are each reduced by the fair market value of the benefit.

*Subsections 2 – 4 below set forth the required approvals for accepting or declining a gift. For the avoidance of doubt, gifts with naming opportunities are also subject to the additional approval requirements set forth in WKU Policy 7.1000 (Philanthropic and Honorific Naming Policy and Protocols).*

2. For gifts valued at less than \$500,000 the Vice President (VP) for PAE or their designee shall review all potential gifts and make all final decisions regarding gift acceptance. The VP for PAE may consult with the President and/or other senior administrators they deem appropriate.

3. For gifts valued at or above \$500,000, the VP for PAE shall consult with the President, Provost, and the relevant Dean or Unit head prior to accepting such gift. The VP for PAE may also consult with other senior administrators the VP for PAE deems appropriate.
4. In the event that the VP for PAE is inclined to decline a gift with a value greater than \$100,000, the VP for PAE shall discuss and reach a final decision in consultation with the President and, where appropriate, the Provost and relevant Dean or Unit head.
5. Multi-year pledges will be made in writing and commit to a specific dollar amount that will be paid according to a fixed time schedule. The maximum pledge payment schedule is five years. Any request for a pledge to be paid over more than five years must be approved by the VP for PAE.
6. The University will make every effort to accommodate and accept charitable contributions from donors. However, it will not accept gifts that, in the sole judgment of the University:
  - a. Are intended to influence the admissions process to any part of the University;
  - b. Violate or conflict with the terms of any University policy;
  - c. Violate any local, state, or federal law, including if the donated asset was acquired by other than legal means or if a clear and unencumbered title to the donated asset does not flow directly from the donor to the University;
  - d. Are too restrictive in purpose or may compromise the academic freedom of the University community;
  - e. Could impose undue or unacceptable financial, legal, environmental, administrative, or other risks or burdens on the University;
  - f. Are for purposes that do not further the University's mission;
  - g. Could damage the reputation of the University or are contrary to the University's values;
  - h. Could jeopardize the University's tax-exempt status;
  - i. Provide a donor with goods or services in exchange for the gift where the fair market value of the benefits exchanged was not disclosed at the time of solicitation of the gift; or
  - j. Create an actual or perceived conflict of interest that, in the sole judgment of the University, cannot be eliminated or effectively managed.
7. Before accepting a gift of real property, the VP for PAE will consult the President of the College Heights Foundation and the WKU Real Estate Corporation and, when appropriate, the Office of the General Counsel.

8. A gift of other assets may include tangible personal property (i.e., artworks, books, instruments, precious metals, vehicles, antiques, cryptocurrency with a verified source, life insurance policies, and business interests not in corporate form) and will be administered in compliance with applicable laws and IRS regulations. Before accepting such an asset, appropriate due diligence will be undertaken by the University in consultation with the VP for PAE, Provost, and the relevant Dean or Unit head prior to accepting such gift, as well as consultation from the Office of the General Counsel when deemed necessary.
9. The University is sensitive to unrelated business income and will determine if such is associated with any gift. The presence of unrelated business income, which can arise from gifts of indebted property or from gifts that are a large percentage of a business, will be considered when the University determines whether to accept a gift.

### **III. Procedure**

#### **A. Recording and Administering Gifts**

1. All gifts to the University must be directed to the College Heights Foundation (CHF) Gift Processing office. CHF shall deposit, record, receipt, acknowledge, and administer all gifts in accordance with University policies and practices, IRS regulations, and the documented wishes of the donor. All gifts shall be recorded in accordance with the standards set forth by the Council for Advancement and Support of Education.

#### **B. Gift Agreements**

1. All gift agreements must be reviewed and approved by the VP for PAE or designee to ensure they conform to University policies prior to signature by the donor. Whenever possible, the University's gift agreement template should be used, and any significant modification to the agreement template must be approved by the VP for PAE in consultation with the Office of General Counsel as necessary.

#### **C. Anonymous Gifts**

1. WKU recognizes and respects the wishes of donors who would like to remain anonymous in their giving to the extent permitted by law. Donors may request all of their gifts be treated as anonymous or may designate specific gifts to be treated as anonymous. The VP for PAE shall review and approve requests for anonymity and, if approved, shall notify the University President, any University administrators who need to know the donor's identity, and the CHF President. In no case may anonymity be used as a means of concealing the identity of a donor from whom the University would not publicly accept a gift.

#### D. Endowed Gifts

1. A permanent endowment is a fund established in accordance with donor restrictions to exist in perpetuity. As of January 1, 2025, the current minimum to establish an endowment is \$25,000. All endowed funds must be formally documented in a gift agreement. An endowed gift will be invested according to the College Heights Foundation Investment Policy (see CHF Policy No. 3.1), and a portion of the fund shall be appropriated for expenditure for the designated purpose each year in accordance with the current spending and investment policies of CHF as established by the CHF Board. In the event that a donor does not fulfill the payment obligations set forth in the gift agreement, the funds already contributed by the donor may be used for any related purpose which, in the opinion of the Provost and, where appropriate, relevant Dean or Unit head in consultation with the VP for PAE and President, will most nearly accomplish the donor's original intent.

#### E. Foreign Gifts

1. Under applicable federal and state law, WKU is required to report gifts received from or contracts with any foreign source where the total amount received from the foreign source meets or exceeds the reporting guidelines set by the Commonwealth of Kentucky and the United States Federal Government, even if the donor requests to remain anonymous. Therefore, it is critical that gifts of any amount received from foreign sources are clearly identified as such when submitted to the College Heights Foundation.

#### F. Governing Law

1. All gift agreements, and any dispute related thereto, shall be construed in accordance with, and governed by, the laws of the state of Kentucky.

#### G. Planned Gifts

1. A planned or deferred gift is a gift that WKU will receive at a future date (usually upon the death of the donor) or over a period of time. Planned gifts include bequests, retirement plan designations, life insurance policies, charitable gift annuities, charitable remainder trusts, charitable lead trusts, and remainder interests in real property. PAE will coordinate and support the planning, negotiation, and acceptance of all planned gifts in consultation with University units as applicable. Donors of planned giving arrangements must designate their gift in a manner consistent with this Policy. Remainder gifts that are designated to establish named endowments or for naming opportunities must meet the required minimum for such a fund at the time the gift is realized. In the event that a gift does not meet the required minimum at the time the gift is realized, the gift may then be used for any related purpose which, in the opinion of the Provost in consultation with the VP for PAE and President, will most nearly accomplish the donor's original intent. PAE may consult with the Office of General Counsel on any matter relating to the negotiation or acceptance of a planned gift where appropriate.

#### H. Pledge Write-Off

1. Legally binding pledges and expressions of intent may only be written off with the approval of the VP for PAE or designee and the President and Chief Financial Officer of CHF or designee. For pledges of \$500,000 or greater, the VP for PAE will also consult with the President, and, where appropriate, relevant Dean or Unit head prior to writing off the pledge. This ensures that every reasonable effort is made to secure the fulfillment of all outstanding pledges before determining that they should be written off.

#### I. Appreciated Securities

1. Gifts of stocks and bonds can be accepted and may be sold immediately. Asset delivery instructions will be provided to those wishing to transfer securities.

#### J. Fundraising Campaigns

1. Any fundraising campaign led by a school, college, academic unit, or other administrative unit must be approved and coordinated in advance of any public announcement of the campaign by the VP for PAE and, when necessary, the University President.

#### K. Special Circumstances and Exceptions

1. Any requests for exceptions to this Policy based on special circumstances, including but not limited to departure from the approved minimum gift values, must be referred to the VP for PAE for review and decision. In addition, exceptions regarding matters requiring Presidential approval under this Policy must be referred by the VP for PAE to the President.

#### L. Use of Legal Counsel and Other Professionals

1. The VP for PAE may seek the advice of the Office of General Counsel in matters relating to the negotiation or acceptance of gifts when appropriate.
2. The University does not provide legal, financial, tax, or other professional advice to donors, and donors should be so advised. Donors should be advised to seek the assistance of their own legal counsel or other professional advisors in matters relating to the legal, tax, and estate planning consequences of a proposed gift to the University.

### IV. Related Policies

See also:

7.1001 Philanthropic and Honorific Naming Policy and Protocols  
[College Heights Foundation 3.1 - Endowed Investment Policy](#)

### V. Appendix

- A. WKU Gift Agreement template (Available for informational purposes only. Complete the ticket in Lytho/InMotion Ignite to request a gift agreement.)



**ENDOWED  
GIFT  
AGREEMENT**

[INSERT FUND NAME]

This endowed gift agreement ("Agreement") is made by [enter name of Donor] (the "Donor") and the [enter name of Foundation] Foundation ("Foundation"), to establish an endowed fund ("Fund") as set forth below.

- I. **Gift/Fund Administration.** The Fund, to be known as [enter full name of Fund], is established in acknowledgement of a gift in the amount of \$[enter amount] from the Donor to benefit Western Kentucky University's [specify College/Department/Unit].

The Foundation is a 501(c)(3) organization incorporated under IRS guidelines to receive charitable gifts for the benefit of Western Kentucky University. The Fund shall only be used for a qualified charitable purpose consistent with the laws of the Commonwealth of Kentucky and section 501(c)(3) of the Internal Revenue Code. The Fund shall be administered in accordance with the Foundation's policies and procedures in a manner that is consistent with University policies, the laws of the Commonwealth of Kentucky, and the Bylaws of the Foundation as amended from time to time. The laws of the Commonwealth of Kentucky, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and the policies of the Foundation shall govern the validity, execution, interpretation, administration, and enforcement of this Agreement.

The Foundation is responsible for and committed to the perpetual administration of this Fund. The Fund, for investment purposes, will be pooled with other investment assets of the Foundation in accordance with the fiduciary responsibilities and investment policy of the Foundation. This Fund shall be separately accounted for and entered on the Foundation's books and records under the respective title of the Fund. Distributions from the Fund shall be made according to the current spending policy of the Foundation in effect at the time of distribution and shall be used only for the purposes authorized by this Agreement. The total earnings of the Fund from the pooled endowment, less any administrative fees assessed in accordance with the policies of the Foundation, shall be credited to the Fund.

- II. **Funding.** The Donor makes this commitment through a gift/pledge of [insert amount]. The Donor commits to fulfill this pledge over a [enter number of years 5 or less]-year period with annual/quarterly/monthly payments of \$X. Reminders will be sent annually/quarterly/monthly in the month prior to pledge due date. The pledge schedule is:

- [enter date] [enter amount]
- [enter date] [enter amount]
- [enter date] [enter amount]

The Foundation may accept additional contributions to this Fund. Any subsequent gifts will be governed by and subject to the terms of this original Agreement unless amended. The amount needed to fully fund this endowed fund shall be the amount required by the Foundation on the date the first gift is received into the Fund. If, after the specified pledge period has ended, the value of the Fund is less than the minimum required by the Foundation as of the date of this Agreement for the establishment and continued support of a named fund, the Fund may be transferred to and merged with an existing endowment or other fund at the Foundation whose purpose will most nearly accomplish the intention of the Donor.

- III. **Gift/Fund Purpose.** Distributions from the Fund will be used to [include appropriate information to document donor intent]. The [scholarship name] will provide support as outlined in the attached scholarship guidelines [included if endowed scholarship only].

Although the endowment's designation is intended to exist in perpetuity, if at any time during the life of this Agreement it becomes impossible to satisfy the original intent as expressed in this Agreement, or if unforeseen circumstances alter or remove the subject area from the campus plan, the Foundation Board is authorized to re-designate the Fund to a consistent area of support after taking into consideration the intention of the Donor and designated purpose described in this Agreement.

**IV. Amendment.** This Agreement may only be amended, modified, or altered in writing and signed by the Donor. Any such changes must also be approved by the Foundation.

**V. Recognition (and Naming).** In grateful recognition of the impact of this gift for the future of Western Kentucky University and to encourage similar giving from other donors, this gift may be publicized in a manner consistent with the Foundation and University's recognition program.

In witness, the Donor(s) and the Foundation have executed this Agreement effective as of the date of the last signature.

\_\_\_\_\_  
Donor Name(s) \_\_\_\_\_ Date

\_\_\_\_\_  
Donor Name(s) \_\_\_\_\_ Date

\_\_\_\_\_  
Donald L. Smith, President \_\_\_\_\_ Date  
College Heights Foundation/WKU Foundation

Acknowledged by [signatures determined by gift level and/or department]:

\_\_\_\_\_  
Dean's Name, Dean \_\_\_\_\_ Date  
College Name

\_\_\_\_\_  
Amanda L. Trabue, Vice President \_\_\_\_\_ Date  
Philanthropy & Alumni Engagement

\_\_\_\_\_  
Timothy C. Caboni, President \_\_\_\_\_ Date  
Western Kentucky University