



# **WKU FOUNDATION**

*Your Gifts. WKU's Future.*

## ***USER'S GUIDE***

# **Table of Contents**

## **SECTIONS**

- 1. WKU Foundation Mission**
- 2. Establishing Accounts**
- 3. Gift Guidelines**
- 4. Utilizing Gifts**
- 5. Monthly Reports**
- 6. WKU Foundation Personnel**
- 7. WKU Foundation Forms**

## **WKU Foundation Mission**

The Western Kentucky University Foundation, the official repository for gifts to the University, exists for the benefit of Western Kentucky University. To accomplish its mission, the Foundation provides those services normally associated with a university-related foundation, including but not limited to volunteer leadership, fund solicitation, gift acceptance and acknowledgment, and asset management services.

Accounts are established with the Foundation to allow use of funds. There are three basic criteria that determine the proper use of WKU Foundation funds:

1. Western Kentucky University must benefit in an acceptable manner
2. The use must fall within donor's intent of the gift
3. The use must not jeopardize the Foundation's tax-exempt status.

## ***ESTABLISHING ACCOUNTS***

Accounts are established on the basis of information provided by the Account Administrator. Forms are to be completed by the Account Administrator and returned to the WKU Foundation Office. Once the new account information form is completed and approved, you may utilize the account.

There are differences between the types of accounts the Foundation handles. An account can be endowed, non-endowed or quasi-endowed.

### **Endowed Accounts**

These funds are preserved and protected against inflation while producing income to support various programs of WKU. The minimum required to open an endowed account is \$10,000. The amount of income available each year is calculated by averaging the balances in the account over the previous three years and computing 4½ percent of it. As the fund grows through additional gifts or investment income, this amount should increase.

### **Non-endowed Accounts**

The minimum required to open this type of account is \$1000. The funds are available to spend immediately; however, a balance of \$1000 must be maintained in order to keep the account open.

### **Quasi-Endowment**

These accounts are Foundation established endowments from assets over which the Board of Trustees has the right to expend currently, but wishes to establish an endowed fund, such as a memorial contribution. Each account established will be named in such a way as to reflect the general purpose of the account. Disbursements over the endowment spending policy must be Board approved. Whenever the purpose for the account no longer exists, the account will be closed and any balance remaining will revert to another account.

## ***GIFT GUIDELINES***

It is the responsibility of the Western Kentucky University Foundation to work with Western Kentucky University to implement programs to meet private funding needs identified by the University. All gifts must meet the basic requirement of charitable intent to be accepted by the Foundation.

The WKU Foundation President will ensure major projects have approval prior to initiating fund-raising efforts. Coordination of solicitations will be accomplished in accordance with the established WKU Foundation and Office of Development procedures. Since various gifts have tax consequences, discussions and correspondence with donors must suggest that they contact their tax advisors for information pertaining to specific tax situations.

Gifts from fund raising activities must be reviewed and approved by Foundation management prior to initiation. The IRS presumes that the charitable organizations' price is the fair market value for the item or service and a charitable deduction will normally not be allowed unless appropriate documented situations dictate otherwise.

Scholarship guidelines established by the Western Kentucky University Foundation will apply. These include the following:

1. No scholarship will be accepted if the conditions established by the donor are designed to direct the scholarship to a relative.
2. Corporations, foundations, and other organizations having scholarship programs can designate a specific recipient.
3. Individual donors are discouraged from designating a specific recipient of a gift. Should this occur, the following statement will be included on the receipt: "Grant for specific recipient." In the "thank-you" letters to these donors, the following language will be included: "Gifts which are restricted for a specific individual selected by the donor may not qualify as a charitable contribution. Please consult with your tax advisor to determine the deductibility of this gift."

Deferred gifts, such as retained interest gifts, annuities, bequests, and life insurance are actively solicited. Specific procedures for these types of gifts are published separately. The Director of Planned Giving should be consulted for assistance in this area of gifting.

Acceptance of any gift imposes a legal obligation upon the Foundation to comply with the terms established by the donor. Therefore, it is necessary that the nature and extent of any restriction be clearly understood when accepting the gift. Gifts-in-kind (e.g., art objects, equipment, real estate, etc.) will be reviewed prior to acceptance to ensure that any financial

commitments are not in excess of budget or other obligations disproportionate to the usefulness of the gift. Please consult the Foundation office when a gift-in-kind is offered.

Transferring of securities or stocks to the Foundation is often a desirable method of giving a charitable gift. There are specific instructions for these types of gifts and before we can receive these gifts, the Foundation office must be notified.

Normally, when a cash gift is received from the Annual Phonathon, the donor includes a pledge card with the check or credit card number. However, if an individual department receives cash that should be deposited with the Foundation, a Non-Charitable Receipt or an Advice of Cash Gift Received form must be completed. [Non-Charitable Receipts are completed for non-charitable gifts such as: sale of items, purchase of Homecoming t-shirts, sale of livestock, etc.] An Advice of Cash Gift Received is completed for charitable gifts. These gifts are listed separately by donor.

All gifts are acknowledged by the Foundation. There are three different wordings on the receipts issued. When a charitable contribution is made, a regular receipt is issued and mailed to the donor. If a Gift-in-Kind is received, there will not be an amount on the receipt, but will state, "The tax deductible amount of this gift is the taxpayer's responsibility." If a charitable donation is made has a non-charitable component, a receipt is issued that states "The value of premium provided to the taxpayer = \_\_\_\_\_."

**PLEASE REMEMBER**

**The information regarding donors and their gifts is confidential and should be treated with care.**

## **UTILIZING GIFTS**

### ***Expenditures from Foundation Accounts***

The Foundation shares a responsibility with the University to ensure that disbursements are consistent with the donor's intent.

Expenditures from endowments that support holders of chairs, professorships, and other academic positions must be consistent with the endowment's purpose and restrictions. All expenditures must be in support of the holders' instructional, research, and professional activities.

All expenditures processed through the Foundation are subject to audit by the foundation's auditors, other outside auditors and agencies, and the Internal Revenue Service. Adequate documentation and justification of expenditures are required in all circumstances.

### ***Signature Authorization***

All accounts managed by the Foundation must have a current signature form on file, designating those individuals authorized to disburse funds from the respective accounts. The name of the account administrator should be clearly designated on all forms. All signature forms will be updated periodically. Signees must be full-time faculty or senior administrators of the University, e.g., deans, department heads, directors, professors, or senior business administrators. A second individual can be designated to sign expense vouchers totaling \$100 or less. The account administrator's immediate supervisor must sign expense vouchers totaling \$5000 or more. In the event the account administrator, signee, or immediate supervisor changes during the year, the Foundation must be notified and new signature forms must be completed.

### ***Methods of Disbursement from Foundation Accounts***

All requests for payment must be accompanied by a properly prepared and approved expense voucher. (See our website [www.wkufoundation.org](http://www.wkufoundation.org)). Approval should only be by authorized signees. The signatures must be original - signature stamps and initials are not accepted. Checks are written on a daily basis. The voucher allows up to 5 invoices per vendor for the same function or purpose.

### ***Discretionary Spending Policy***

Please refer to the Discretionary Spending Policy before completing any disbursement.

<http://www.wku.edu/Dept/Support/FinAdmin/Policy&Procedures.htm>

## ***Explanation of Various Types of Disbursements***

### ***Vendors***

An [original](#) invoice and remittance copy, if available, should accompany payments to a vendor. If a remittance copy is not available, a photocopy is to be included to send with the check. There should be an appropriate explanation of the purchase or disbursement on the expense voucher. Checks should be made payable directly to the vendor. For equipment purchases over \$100, it is recommended that the Foundation pay the vendor directly.

### ***Individual Reimbursement***

Payment requests for expense reimbursement to an individual should include their home address, [no campus addresses](#), along with the original receipt and a copy of the canceled check or charge receipt. Account administrators cannot approve their own personal reimbursements. The immediate supervisor will have to sign the expense voucher.

### ***Purchase Orders***

To help account administrators with placing orders, the Foundation provides pre-numbered purchase orders that can be used with vendors. Each department places their own order. These purchase orders must be accompanied by an invoice and expense voucher in order for payment by the WKUF.

### ***Inventory***

Assets purchased through the Foundation accounts are added to the University asset records for control and accountability. The Foundation uses the University's dollar value for capital outlay items to be added to inventory. Assets over \$1,000 need to be inventoried. Please forward a copy of the paperwork to Inventory Control.

### ***Services, Awards and Honorariums***

Payment for services to an individual must be accompanied by an invoice from that individual showing services rendered, a permanent street address, and social security number (post office box numbers or department addresses are not acceptable). WKU Employees performing services or receiving honorariums must be approved by the WKU Foundation before being processed by the University Payroll Department on a Form 16. In cases of honorariums/awards where no employer-employee relationship exists, the respective department should provide an explanation for payment on the expense voucher. All of the above services will be treated as taxable income to the recipient and an Internal Revenue Service Form 1099-MISC will be issued

for all such services. It is necessary for a W-9 to be completed for each recipient.

### ***Moving Expenses***

The WKU Foundation adheres to the University's moving expense policy. Moving expenses must be paid thru; however, the WKU Foundation may reimburse a University Index. This will prevent moving expenses being treated as taxable income to the recipient and the Internal Revenue Service.

### ***Scholarships***

All scholarships paid from endowed and non-endowed accounts, held by the WKU Foundation, will be directed through Student Financial Aid. The scholarship administrator will direct payment of these funds to the appropriate scholarship accounts held at the University Fiscal Office. Scholarships or fellowship payments cannot be made directly to the individuals.

### ***Entertainment***

Entertainment expenses may be paid through the Foundation as long as there is a clear business purpose that supports Western Kentucky University, its mission, and is consistent with the purpose and intent of the funds used. The expense voucher should include a complete written explanation of the business purpose for the entertainment and a listing of the individuals and their titles attending the function. Necessary original receipts must be attached.

Expense reimbursement for business meals, staff meetings, and similar functions should be reasonable in nature and must be in the furtherance of the educational purpose of the University.

### ***Travel Expenses***

1. University travel claims should be prepared for each reimbursement request. University departure and arrival times will be followed. All claims involving personal reimbursement must be approved by a higher authority.
2. Each department should plan its travel arrangements to ensure that the majority of expenses, including registration, are paid directly to outside vendors, such as travel companies or airlines. All expense reimbursements should be kept to a minimum.
3. All claims for travel must be accompanied by appropriate University documentation. Foreign travel includes any area not in the continental United States. The business purpose of the trip must be clearly stated.

4. The Foundation **does not** pay per diem. Actual expenses will be reimbursed and **all** receipts must be attached.
5. Mileage is reimbursed at \$0.44 cents per mile.
6. All claims for reimbursement must be accompanied by original receipts. Examples are airline tickets, hotel bills, car rental bills, ground transportation receipts, meal receipts, parking fees, tolls, etc. Reimbursement should be sought from the University first.

### **Exceptions**

The following is a list of types of expenditures that may not be processed by the Foundation. This list is not intended to be all-inclusive.

1. Political contributions or functions, including any lobbying activities;
2. Expenses with no acceptable business purpose;
3. Expenditures that do not directly support Western Kentucky University; and personal expenses

### ***Inter-Account Transfers***

Often one WKUF account will need to reimburse another WKUF account for an expense. This can be done through an inter-account bill. This form must be completed and signed by both account administrators and forwarded to the Foundation office. This makes it possible to eliminate the need to write checks to transfer money between accounts.

The WKU Foundation has a reimbursable account with WKU also. This is used on a very limited basis to cover specific items, such as payroll and postage. If an account administrator feels this would be appropriate for their account, please contact the Foundation office.

### **PLEASE REMEMBER**

**It is the responsibility of Deans, Department heads and account administrators to ensure the appropriateness of disbursements from accounts held by the WKU Foundation.**

## ***MONTHLY REPORTS***

Each month, Project Activity Reports are sent to the account administrators. These reports list the contributions, expenses and transfers for the previous month. The reports do not list the individual names of contributors. Those are accessed by the account administrators electronically. Account administrators must use a special security code assigned to them through the Advance System. If you need instructions on this process, please contact the WKU Foundation at 5-3105.

# ***Western Kentucky University Foundation Personnel***

<b>Kathryn Costello</b>	<i>President 119 Wetherby Administration Bldg.</i>	<b>745-6208</b>
<b>Marcia Brown</b>	<i>Administrative Assistant 119 Wetherby Administration Bldg.</i>	<b>745-6208</b>
<b>Paula Jarboe</b>	<i>Chief Financial Officer 201 Craig Alumni Center</i>	<b>745-6421</b>
<b>Elashia Martin</b>	<i>Office Coordinator 200 Craig Alumni Center</i>	<b>745-8817</b>
<b>Heather Pruitt</b>	<i>Accounts Specialist 200 Craig Alumni Center</i>	<b>745-6893</b>
<b>Fran Matheis</b>	<i>Financial Analyst 300 Craig Alumni Center</i>	<b>745-7062</b>
<b>Susan Ingram</b>	<i>Accounts Specialist 301 Craig Alumni Center</i>	<b>745-8976</b>
<b>Student Worker</b>		<b>745-3105</b>

## WKU Foundation Forms

How to access the forms online:

- Go to the Internet Explorer (works best through this rather than Netscape or Mozilla)
- Address: [www.wku.edu/wkufoundationinc](http://www.wku.edu/wkufoundationinc)  
[www.wkufoundation.org](http://www.wkufoundation.org)  
[www.wkufoundation.com](http://www.wkufoundation.com)
- Forms
  - Expense Voucher  
The Expense Voucher is used for payment of an invoice to a vendor or individual. The Expense Voucher is affiliated with WKU Foundation Accounts only. Expense Vouchers totaling \$5,000 or more must be signed by either a Vice President, Dean, etc.
  - Non-Charitable Receipts  
The Non Charitable Receipts form is used for depositing money to a Foundation account only. Money that should be deposited: the sale of items, purchase of Homecoming t-shirts, sale of livestock, etc.
  - Inter Account  
The Inter Account form is used to transfer money from one Foundation account to another Foundation account.
  - Advice of Cash Gift  
The Advice of Cash Gift Received form is used to submit charitable donations. Do not use University account numbers. Make sure to include a contact name if check is from a company.
  - Gift-In-Kind  
The Gift-in-Kind form is used for tangible items other than cash. We use this form as documentation and enter the information in our system.

- W-9  
The W-9 is a tax form required by the WKU Foundation for payment of services, awards and honorariums. It must be included with the Expense Voucher for payment processing.
- Split Payment  
The Split Payment Pre-Approval form is used for pre-approval of splitting payments between the WKU Foundation and WKU.
- WKU Foundation Travel  
This form is used for travel only with WKU Foundation funds. Do not use this for University accounts.  
**\*\* WKU Foundation allows \$0.44 cents per mile.**  
**\*\* Since the WKU Foundation is on a calendar year basis and audited in accordance, any travel reimbursements need to be submitted in a timely manner. Expenses need to be reconciled by 6/30 and 12/31.**
- Scholarship Authorization Form  
This form is to be used for Departmental scholarship awards.