



KENTUCKY STATE UNIVERSITY POLICIES AND PROCEDURES

POLICY TITLE:

Policy on Philanthropic Donations from Faculty and Staff

VOLUME, SECTION & NUMBER:

4.1.14

ENTITIES AFFECTED:

All Departments and Divisions

The Kentucky State University Foundation, Inc.

ADMINISTRATIVE AUTHORITY:

Office of Institutional Advancement

APPROVED BY:

The Kentucky State University Board of Regents

EFFECTIVE DATE:

November 28, 2023

POLICY STATEMENT:

This policy outlines the process for making monetary donations to Kentucky State University and The Kentucky State University Foundation, Inc. (hereinafter referred to as "Foundation") by current employees of Kentucky State University (hereinafter referred to as "University"). It aims to ensure transparency, accountability, and proper financial management concerning all transactions.

The University recognizes and values the support of its faculty and staff in contributing to the University's growth and success. This policy aims to establish guidelines regarding faculty and staff giving to ensure compliance with IRS regulations and to promote transparency and fairness in the allocation of donated funds. Faculty and staff contributions are vital to the growth and success of the University, and this policy ensures that the support is utilized for the benefit of the broader University community.

DEFINITIONS:

Employees

Individuals employed by Kentucky State University in any capacity, as well as their immediate family members.

Foundation

Kentucky State University Foundation, Inc.

University

Kentucky State University

DONATION REQUIREMENTS AND RESTRICTIONS:

Faculty and staff may donate funds to Kentucky State University or the Foundation for the purpose of supporting scholarships, programs, research, or other initiatives—provided that the donations are made voluntarily and without any expectation of personal benefit.

Donations made by faculty and staff to the University shall be irrevocable and unconditional (except for restrictions established in a written memorandum of understanding or on current established accounts/funds), indicating that the donor relinquishes control over the funds and does not expect any personal financial gain or preferential treatment as a result of the donation. Although restrictions may be placed on donations, the University and the Foundation reserve the right to reject any donation that is deemed too restrictive. Further, the University and the Foundation reserve the right to reject any donation for any reason.

In compliance with IRS regulations, faculty and staff donors shall not receive any personal benefit or consideration that could be perceived as a *quid pro quo* arrangement in exchange for their donations. This includes benefits to immediate family members.

Neither faculty and staff donors, nor their immediate family members, shall have the authority to select the recipient(s) of any scholarship or restricted fund that they personally funded. The selection process shall be conducted by a designated committee or relevant University office, thereby ensuring fairness, transparency, and compliance with University policies and guidelines. The faculty or staff donors, as well as their immediate family members, may sit on a scholarship/selection committee, but they shall not have a controlling/majority vote.

In the event that a faculty or staff member violates this policy by attempting to select the recipient(s) of a scholarship or fund he or she personally funded, appropriate disciplinary action may be taken, which may include, but is not limited to, counseling, reassignment of responsibilities, or in severe cases, termination of employment, as well as notification to the IRS and the appropriate state agencies.

RECORDKEEPING:

The Office of Institutional Advancement shall maintain accurate records of all donations received from faculty and staff, including the purpose of the donation, the donor's name, and any accompanying restrictions or preferences expressed by the donor. If the donation was made to a fund held on behalf of the University at the Foundation, the University shall maintain continuous operational control per established policy.

DONOR RELATIONS:

The Office of Institutional Advancement shall be responsible for managing donations and shall provide regular reports to the appropriate University authorities on faculty and staff giving at least quarterly, thereby ensuring transparency and accountability in the utilization of donated funds. If an employee believes he or she has a conflict prior to a donation or a disbursement, he or she should contact the Office of Institutional Advancement for guidance.

The University shall provide appropriate acknowledgement and recognition to faculty and staff donors in

accordance with the University's established guidelines for donor recognition. However, such recognition shall be separate from any benefits or preferences related to the donated funds and shall not exceed the recognition received by non-employee donors.

The University shall provide faculty and staff members with information and resources, such as IRS guidelines and University policies, to ensure compliance with applicable regulations and ethical practices when making donations. However, the University will not provide tax advice to any donor. Donors are advised to consult their own tax professionals prior to tendering a donation to the University.

DEPOSIT DOCUMENTATION AND VERIFICATION:

Prior to making any deposit, the Office of Institutional Advancement must enter all applicable information into the donor database. The Office must enter accurate and detailed information regarding the source, amount, and any supporting documentation, as applicable, concerning each employee donation.

The deposit must be verified and signed by the authorized personnel delegated by the President, or designee, per established policies. No employee outside of the Office of Institutional Advancement shall directly deposit funds at the Foundation or the University.

Per state retention guidelines and regulations, and for future reference and auditing purposes, the Office of Institutional Advancement must retain copies of any deposit, supporting documentation, and any other related records for all donations, including those made by University employees.

DEPOSIT PREPARATION AND PACKAGING:

Cash: All cash deposits shall be securely packaged, counted, and reconciled in accordance with the University's cash handling policies and procedures. Cash should be placed in an unsealed envelope. Prior to sealing, the person charged with depositing the funds must count the money in the presence of the donor and another employee, and the second employee must seal the envelope. The donor and second employee must sign and date the envelope.

Note: Sealed envelopes will not be accepted from any donor. Any sealed envelope must be opened by the person charged with depositing the funds and counted in the presence of the donor and at least one other University employee, then resealed using the above procedures.

Checks: All checks received as part of a deposit made payable to the Foundation shall be endorsed with the official Foundation endorsement stamp (completed by the Foundation and not the University). Checks should be restricted for deposit only to the Foundation's designated bank account. Checks made payable to the University will be deposited at the Bursar's Office by the Office of Institutional Advancement in accordance with all established University policies and procedures.

Electronic Transfers: For electronic transfers or other non-cash deposits, the Office of Institutional Advancement shall ensure proper documentation and reconciliation of the deposited funds. Employees making electronic transfers shall immediately notify the Office of Institutional Advancement for confirmation and tax receipts.

DEPOSIT RECORDKEEPING AND REPORTING:

All deposit transactions to the Foundation and the University shall be accurately recorded in the Foundation's financial records as well as the donor database, thereby adhering to the University's and the Foundation's accounting principles and guidelines.

The Foundation and the authorized KSU personnel responsible for deposits shall promptly submit necessary documentation and reports to the appropriate donors/departments, thereby ensuring transparency and accountability.

RELATED POLICIES AND DOCUMENTS:

MOU Between KSU and The KSU Foundation, Inc.

STATUTORY OR REGULATORY REFERENCES:

KRS 164A.550 to KRS 164A.630

KRS 273.600 to 273.645
