

**POLICY TITLE:****Gift Acceptance****APPLIES TO:****Faculty****Staff****KSU Thoroughbreds Foundation, Inc.****External Parties Involved in Soliciting or Receiving Gifts on Behalf of KSU****ADMINISTRATIVE AUTHORITY:****Office of the President****Office of Institutional Advancement and External Relations****APPROVED BY:****Kentucky State University Board of Regents****August 8, 2025****NEXT REVIEW DATE:****August 8, 2028**

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**POLICY STATEMENT:**

In accordance with Kentucky Revised Statutes applicable to institutions of higher education and best practices in philanthropy, Kentucky State University (KSU), in partnership with the KSU Thoroughbreds Foundation, Inc. (the "Foundation"), adopts this Gift Acceptance Policy. This policy guides the solicitation, acceptance, recording, and stewardship of charitable contributions intended to support KSU's mission, students, programs, and strategic priorities.

All philanthropic gifts designated for KSU are received, processed, and managed by the Foundation, the official 501(c)(3) organization established to support KSU. This centralized process ensures compliance with applicable laws, promotes transparency and accountability, and aligns donor support with KSU's needs and priorities. The Foundation operates consistent with standards from the Council for Advancement and Support Education (CASE)

and the National Association of College and University Business Officers (NACUBO).

## **EXCEPTIONS:**

While the KSU Thoroughbreds Foundation, Inc. is the designated entity for receiving, processing, and managing all philanthropic gifts for the benefit of KSU, certain funds may be received directly by Kentucky State University under specific circumstances. These exceptions require careful review and documentation:

- **Non-Charitable Revenue and Contractual Payments.** Funds that are not charitable contributions in nature, such as sponsored research grants, government appropriations, fee-for-service payments, tuition, auxiliary revenue, or other contractual revenue streams, shall be received directly by KSU through its established financial procedures, or deferred in writing to the Foundation.
- **Donor-Requested Direct Charitable Gifts to KSU (Exceptional Circumstances).** In rare and extraordinary circumstances where a donor explicitly requests that a *charitable gift* be made directly to Kentucky State University rather than to the KSU Thoroughbreds Foundation, Inc., such requests will be reviewed on a case-by-case basis. This review will be conducted by the KSU President (or designee) and the CEO of the Foundation, in consultation with KSU legal counsel and Foundation legal counsel. The review will assess implications for gift administration, stewardship, and alignment with KSU and Foundation policies. Acceptance of a charitable gift directly by KSU under this exception requires approval from KSU's President and formal notification to the KSU Board of Regents.
- **Presidential Exception for Other Funds.** Other funds, whether potentially charitable or non-charitable, may be received directly by Kentucky State University if KSU's President determines, after consultation with the CEO of the Foundation and KSU legal counsel, that direct receipt by KSU is mandated by law/regulation or is essential for compelling institutional interests and that processing through the Foundation is not feasible or appropriate. The President shall document the detailed rationale for any such exception in a memorandum, which will be maintained by the President's Office and provided to the Board of Regents in a timely manner upon request.

## **Policy Dependence on Active KSU-Foundation Memorandum of Understanding:**

This Gift Acceptance Policy, particularly its reliance on the KSU Thoroughbreds Foundation, Inc. as the primary recipient of philanthropic gifts, shall only remain in effect so long as there is an active Memorandum of Understanding (MOU), approved by the KSU Board of Regents and the KSU Thoroughbreds Foundation, Inc. Board of Trustees, governing the relationship and operational procedures between the two entities. Upon termination or expiration of such MOU without immediate replacement by a new, duly executed MOU, this policy shall be subject to immediate review and potential suspension or revision by the KSU Board of Regents.

## **DEFINITIONS:**

### **Conflict of Interest**

A situation in which a person involved in the gift acceptance process has a personal interest that could potentially improperly influence their professional judgment or actions.

**Donor**

An individual, corporation, foundation, organization, or other entity making a gift.

**Endowment**

A gift intended to be invested in perpetuity, or for an agreed-upon documented timeframe, with a portion of the investment return used to support KSU according to the donor's intent and applicable spending policies.

**Fair Market Value (FMV)**

The price that property would sell for on the open market, as determined by IRS guidelines and qualified appraisals where required.

**Foundation (KSU Thorobreds Foundation, Inc.)**

The independent, 501(c)(3) charitable organization designated to receive, manage, and disburse philanthropic gifts to the benefit of Kentucky State University.

**Funder**

An individual, corporation, foundation, organization, or other entity that deposits funds to KSU or the Foundation for purposes other than making a charitable donation.

**Gift**

A voluntary transfer of cash, securities, property, or other assets made to the Foundation for the benefit of KSU without any expectation of direct economic benefit or other private benefit to the donor.

**Gift Agreement**

A formal written document executed by the donor and an authorized representative of the Foundation (and KSU, if appropriate for the terms) detailing the terms, purpose, and administration of a significant or complex gift, especially restricted or endowed gifts.

**Institutional Advancement**

The KSU Division of Institutional Advancement and External Relations, which is responsible for coordinating fundraising efforts for KSU and often acts as staff to the Foundation.

**Legal Counsel**

Attorney(s) representing KSU or the Foundation

**Pledge**

A written, signed promise to make a gift to the Foundation over a defined period.

**Restricted Gift**

A gift for which the donor specifies a particular use or program at KSU (e.g., scholarships for a specific college, support for a particular academic department).

**Unrestricted Gift**

A gift given without donor-imposed restrictions on its use, thereby allowing the Foundation and KSU to allocate the funds to areas of greatest need or strategic importance.

## **PROCESS:**

### **Purpose of Gift Acceptance Policies**

The KSU Board of Regents and the KSU President, who is KSU's chief fundraiser, along with Institutional Advancement staff and the Foundation Board, actively seek philanthropic support to advance KSU's mission. These policies and guidelines are established to:

- Govern the acceptance of gifts by the Foundation for the benefit of KSU.
- Provide guidance to prospective donors and their professional advisors.
- Ensure that gifts align with KSU's mission and strategic priorities and do not impose undue administrative burdens or financial liabilities.
- Uphold ethical standards and comply with all applicable laws and regulations.

### **Ethical Considerations and Professional Advice**

- **Use of Legal and Philanthropic Counsel by the Foundation and KSU.** The Foundation and KSU shall seek the advice of their own legal counsel and other philanthropic advisors as needed, particularly for:
  - Gifts of closely held securities, especially those with restrictions or buy-sell agreements.
  - Gifts involving contracts, bargain sales, or other arrangements where the Foundation or KSU assumes an obligation or liability.
  - Transactions with potential conflicts of interest for any party involved that could invoke IRS sanctions.
  - Gifts of real estate.
  - Complex deferred or split-interest gifts.
  - Any other gift situation where expert counsel is deemed appropriate by the Foundation Board or KSU leadership.
- **Encouragement of Independent Advice for Donors.** The Foundation and KSU urge all prospective donors to seek independent legal and financial counsel regarding their proposed gifts, including tax implications and estate planning consequences. Neither the Foundation nor KSU staff shall provide legal, tax, or financial advice to donors.

### **Authorization and Process for Gift Acceptance**

#### **General Authority:**

- All gifts intended for the benefit of KSU are to be made to and legally accepted by the KSU Thoroughbreds Foundation, Inc (the “Foundation”).
- The Foundation’s Board (or its designated committee/officer) has the authority to formally accept gifts of cash, publicly traded securities, and most other forms of personal property on behalf of the Foundation.
- The KSU President (or designee, who is typically the Vice President of Institutional Advancement & External Relations) provides institutional endorsement for the acceptance of gifts by the Foundation, thereby ensuring alignment with KSU’s mission and priorities.

#### **Specific Approvals for Certain Gifts (Involving KSU Endorsement/Impact):**

- **Real Estate.** Acceptance of gifts of real estate by the Foundation requires prior review and endorsement by KSU, including its legal counsel (in-house or external) and the President’s Cabinet, and final approval by the KSU Board of Regents. This is in addition to the Foundation Board’s acceptance.
- **Closely Held Securities.** Acceptance by the Foundation requires prior review and endorsement by KSU leadership and may require KSU Board of Regents consultation or approval depending on potential impact or complexity, in addition to Foundation Board approval.
- **Tangible Personal Property for KSU Use.** If intended for KSU’s direct use (rather than liquidation), acceptance by the Foundation requires endorsement from the relevant KSU department and Dean/Vice President, confirming its utility and alignment with KSU’s mission.
- **Gifts with Significant Restrictions or Naming Rights.** Acceptance by the Foundation of gifts establishing new, significantly restricted endowments or programs, or involving naming opportunities for KSU facilities or programs, requires prior review and approval of the gift’s purpose and terms by the KSU President and the Board of Regents.
- **Cryptocurrency.** Acceptance by the Foundation requires prior review and approval from the KSU President.

#### **Restrictions on Gifts:**

- While unrestricted gifts are especially encouraged to provide flexibility, donors may restrict their gifts for specific KSU programs, scholarships, or broad fields of interest approved by KSU.
- Restricted gifts for new purposes or endowments typically require a formal gift agreement. For other restricted gifts, a letter of understanding between the donor and the Foundation (with KSU cognizance) is required, especially for gifts over \$1,000.
- Donations from faculty and staff are welcomed and valued. To ensure compliance with IRS regulations and to avoid conflicts of interest, 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 for such awards shall be conducted KSU committee or the relevant KSU office to ensure fairness and transparency.
- All gift agreements for restricted or endowed gifts shall include language allowing the KSU Board of Regents (in consultation with the Foundation Board) to redirect the funds to a purpose as similar as possible to the

donor's original intent if the designated purpose ceases to exist, becomes impractical, or is impossible to administer. The Foundation will make reasonable efforts to contact the original donor or their representative if such a situation arises.

- The Foundation, in consultation with KSU, reserves the right to decline any gift that:
  - Violates applicable laws or the terms of KSU's or the Foundation's charitable mission.
  - Is for purposes outside KSU's approved mission or strategic priorities.
  - Is too difficult or costly to administer relative to its value.
  - Could expose KSU or the Foundation to liability or adverse publicity.
  - Comes from a source that could damage KSU's reputation.
- The KSU Board of Regents, upon recommendation from the KSU President and in consultation with the Foundation Board, makes the final institutional decision on the acceptability of a gift's restrictive terms if they have a significant impact on KSU operations or its mission. The Foundation Board makes the final decision on legal acceptance into the Foundation.
- KSU and the KSU Thoroughbreds Foundation, Inc. are committed to full compliance with all applicable federal and state laws. Pursuant to Kentucky law, the Foundation shall not solicit or accept, and KSU shall not endorse the acceptance of, any new gift, pledge, or bequest that:
  - Requires KSU or the Foundation to provide differential treatment or benefits to individuals on the basis of religion, race, sex, color, or national origin.
  - Is designated for the establishment or maintenance of a diversity, equity, and inclusion initiative. This includes, but is not limited to, gifts intended to fund scholarships, programs, or activities that restrict eligibility or provide preferential consideration based on an individual's religion, race, sex, color, or national origin.
  - Contains terms that would require KSU or the Foundation to promote or implement a discriminatory concept.

### **Types of Gifts and Acceptance Guidelines**

#### **Current Gifts:**

- **Cash.** Acceptable in any form (check, bank transfer, currency). Acknowledged at full value.
- **Publicly Traded Securities (Stocks, Bonds, Mutual Funds).**
  - Encouraged. Transferred to a Foundation brokerage account or delivered physically with necessary endorsements.

- Valued for donor acknowledgement based on the average of high and low trading prices on the date of gift (for KSU/Foundation internal crediting; specific IRS rules apply for donor's deduction).
- Generally sold immediately upon receipt by the Foundation, unless an alternative strategy is approved by the Foundation's Investment Committee or designee. Proceeds are deposited into the appropriate Foundation fund for KSU's benefit. Gains/losses from sale timing do not alter the initial gift value credited to the donor.
- Restricted securities require review and approval by the Foundation Board, potentially with KSU Board of Regents' consultation if implications are significant.
- **Closely Held Securities (Non-Publicly Traded Stock, LLC/LP Interests).**
  - Accepted by the Foundation subject to prior review and approval by the Foundation Board, with KSU endorsement (potentially KSU Board of Regents' approval for complex cases).
  - Review criteria include: marketability, absence of prohibitive restrictions, and avoidance of undesirable tax consequences for the Foundation (e.g., Unrelated Business Income Tax – UBIT).
  - An independent, qualified appraisal, provided by the donor, is required for valuation and substantiation of the donor's tax deduction (as per IRS rules).
  - Further review by outside professionals may be sought by the Foundation before acceptance.
- **Tangible Personal Property (In-Kind Gifts).**
  - Examined by Institutional Advancement and the relevant KSU department for alignment with KSU's mission, potential use, marketability, and any associated costs or restrictions.
  - Final acceptance by the Foundation requires KSU endorsement, and KSU Board of Regents' approval may be needed for significant items or those with ongoing commitments.
  - Donor must provide a qualified appraisal for items valued over \$5,000 for their tax purposes. The Foundation acknowledges receipt of the item, not its value.
  - Unless designated for specific KSU use, property is typically converted to cash by the Foundation at the earliest appropriate opportunity.
- **Real Estate.**
  - Accepted by the Foundation at its discretion, following thorough review and endorsement by KSU (including KSU legal counsel and relevant KSU committees) and approval by the KSU Board of Regents, in addition to Foundation Board acceptance.
  - May include developed or undeveloped property, or property subject to a prior life interest.
  - Pre-Acceptance Requirements:

- Environmental assessment (Phase I audit typically required, potentially Phase II) to ensure no environmental liabilities. Costs are typically borne by the donor.
- Qualified appraisal provided by the donor.
- Title search.
- Assessment of marketability, carrying costs (taxes, insurance, maintenance — responsibility for these pre- and post-gift must be clear), restrictions, easements, and potential for use by KSU.
- Property with mortgages or other significant indebtedness will generally not be accepted.
- **Donor-Advised Fund (DAF) Recommendations.**
  - Gifts received by the Foundation based on a donor's recommendation from a DAF are welcomed.
  - The gift is from the DAF sponsoring organization, but the donor advisor is acknowledged for recognition purposes, including for endowment funding levels.
  - Donors may not receive benefits beyond "incidental" ones (e.g., small logo items) in connection with DAF gifts, per IRS rules. Prohibited benefits include tickets, event tables, and auction items.
- **IRA Qualified Charitable Distributions (QCDs).**
  - Direct transfers from a donor's traditional or Roth IRA to the Foundation are accepted.
  - Acknowledged by the Foundation as required by the IRS, noting no tax deduction is available to the donor for a QCD. Valued at face value on the date of transfer.
  - Cannot be directed to a DAF or used for life income gifts (e.g., CGAs, CRTs).
  - Donors may not receive more than an incidental benefit.
- **Cryptocurrency.**
  - May be accepted by the Foundation after due diligence regarding transferability and liquidation capabilities.
  - Requires approval from the KSU President (or a joint KSU-Foundation review committee) in addition to Foundation acceptance.
  - Treated as property by the IRS. Gifts of \$5,000 or more require a qualified appraisal obtained by the donor for their tax deduction.
  - Converted to U.S. dollars by the Foundation as quickly as administratively possible upon receipt.
  - Gift is complete upon successful transfer to, and acceptance by, the Foundation.



- Foundation acknowledgment states the name and quantity of cryptocurrency and date received, but not a value.
- **Other Complex Current Gifts (Remainder Interests in Property, Oil/Gas/Mineral Interests, Bargain Sales).**
  - Evaluated by the Foundation and KSU on a case-by-case basis, with guidance from legal counsel and philanthropic advisors as needed. Requires approval from the Foundation Board and appropriate KSU endorsement (potentially KSU Board of Regents' approval).

#### **Deferred Gifts:**

- **Estate Notes.** A written, unconditional pledge to be paid by the donor's estate if not fulfilled during their lifetime. A simple form approved by Foundation legal counsel can be used. Lifetime payments apply to the note balance.
- **Bequests (through Wills and Trusts).**
  - Gifts to the Foundation are recorded when the gift becomes irrevocable. If irrevocable but due in the future, the present value may be recorded then.
  - Unrestricted bequests are typically added to the Foundation's general endowment for KSU's benefit, unless otherwise directed by the KSU Board of Regents for pressing KSU needs.
  - Recommended bequest language should be provided to donors, always naming "KSU Thoroughbred Foundation, Inc., for the benefit of Kentucky State University." Include the Foundation's Federal Tax ID.
  - Include flexible language for restricted bequests in case the original purpose becomes impossible or impractical, allowing redirection by the KSU Board of Regents (in consultation with the Foundation Board) to a closely related purpose.
- **Transfer on Death (TOD) / Pay on Death (POD) Designations.**
  - Donors may name the Foundation as beneficiary of bank accounts (POD), investment accounts (TOD), real estate, or other assets.
- **Life Insurance.**
  - **Foundation as Owner & Beneficiary.** If the Foundation is named irrevocable owner and beneficiary, the gift is recorded at its interpolated terminal reserve value or cash surrender value upon receipt. Subsequent premium payments by the donor are additional gifts. The Foundation may choose to continue premiums, convert to paid-up insurance, or surrender the policy if the donor ceases payments.
  - **Foundation as Beneficiary Only.** Naming the Foundation as sole or contingent beneficiary is encouraged. Not recorded as a gift until the gift is irrevocable (typically upon the donor's death or when ownership is transferred).
- **Retirement Plan Beneficiary Designations.**

- Donors are encouraged to name the Foundation as a beneficiary of retirement plan assets (e.g., IRA, 401(k), 403(b)).
- Not recorded as a gift unless irrevocable (typically upon the donor's death).

### **Split-Interest Gifts:**

- **Charitable Gift Annuities (CGAs).**
  - The Foundation may offer CGAs if it meets state registration requirements and has Board approval to do so.
  - Minimum funding of \$25,000 and minimum beneficiary age of 60. Exceptions require Foundation Board approval.
  - Funded only with cash or marketable securities; no illiquid assets like real estate or personal property.
  - Annuity rates shall be based on tables from the American Council on Gift Annuities (ACGA).
- **Other Split-Interest Gifts (Charitable Remainder Trusts, Charitable Lead Trusts, Retained Life Estates).**
  - The Foundation may accept benefits from such trusts or arrangements.
  - Institutional Advancement staff will discuss these with donors. Acceptance designations or complex terms requires Foundation Board approval, with KSU legal counsel review and KSU endorsement as appropriate.
  - The Foundation and KSU do not act as trustee for these types of trusts.

### **Gift Documentation, Counting, and Reporting**

#### **Pledges, Letters of Intent, and Commitments:**

- **Pledge.** A written, signed promise by the donor to contribute a specific amount over a fixed time (generally not to exceed five (5) years, unless approved by the Vice President of Institutional Advancement).
- **Letter of Intent (LOI).** Used by DAF advisors or foundations to indicate intent to recommend/grant future gifts. Not a binding pledge on the advisor/foundation.
- **Deferred Commitment.** An indication of a future gift (e.g., through an estate note or documented bequest intention).
- Verbal pledges/commitments are generally not recorded for fundraising totals unless documented by a follow-up letter from the Vice President of Institutional Advancement confirming the understanding.
- Totals for outright contributions, pledges, LOIs, and deferred commitments are reported separately.

#### **Capital Campaign Gifts:**

May include on-time gifts, multi-year pledges (typically 3–5 years), or deferred gifts. Unrestricted bequests received during a campaign with an endowment component may be counted toward campaign goals if directed to the endowment. Deferred gifts in campaigns receive appropriate recognition.

#### **Endowment Gifts:**

- Gifts of any size are welcome for existing endowment funds.
- Minimums for establishing new named endowment funds (payable within 5 years, typically):
  - **Unrestricted or Field-of-Interest Endowment.** \$10,000.
  - **Designated Purpose Endowment.** \$25,000. The purpose must be approved by KSU (via President, Provost, and Board of Regents) and the Foundation Board.
- Endowment distributions are subject to KSU and Foundation spending policies, in compliance with UPMIFA as adopted in Kentucky, and donor restrictions.

#### **Gift Acknowledgment and Donor Recognition**

- The Foundation will provide timely written acknowledgment (gift receipt) for all gifts, compliant with IRS substantiation requirements. “Thank you” letters will generally be sent within one (1) week.
- Additional acknowledgments or contacts from volunteers, staff, or KSU leadership may occur.
- For DAF gifts, the sponsoring organization (the legal donor) receives the official gift receipt. The donor advisor receives appropriate thanks and recognition from the Foundation and KSU.
- All donors will be recognized appropriately in publications and online, unless anonymity is requested. Recognition is consistent with donor wishes and approved KSU/Foundation guidelines.
- Significant gifts (\$10,000 or more) may be offered special commemorative opportunities per donor recognition guidelines.

#### **Accounting Standards and Reporting**

##### **Fundraising and Donor Recognition Purposes:**

- Gifts received by the Foundation for KSU will be reported and credited according to CASE Reporting Standards and Management Guidelines and guidance from the National Association of Charitable Gift Planners.

##### **Audited Financial Statement Reporting:**

- The KSU Thoroughbred Foundation, Inc., will report gifts as prescribed by the Financial Accounting Standards Board (FASB) for non-profit organizations.

- KSU will report transfers from the Foundation or direct gifts (if any were to occur outside this policy, which should be rare) as prescribed by the Governmental Accounting Standards Board (GASB).

## REFERENCES AND RELATED MATERIALS:

- KSU Naming Policy
- KSU External Fundraising Policy
- KSU Investment & Spending Policy

## CONTACTS:

Subject	Office	Telephone	E-mail
Policy Questions	Institutional Advancement & External Relations	(502) 597-5500	<a href="mailto:Michael.DeCourcy@kysu.edu">Michael.DeCourcy@kysu.edu</a>
Policy Interpretation	General Counsel	(502) 597-6414	<a href="mailto:Zachary.Atwell@kysu.edu">Zachary.Atwell@kysu.edu</a> <a href="mailto:General.Counsel@kysu.edu">General.Counsel@kysu.edu</a>

## HISTORY:

Revision Type	Date of Issuance/Revision	Drafter(s)/Editor(s)
Issued (New Policy)	2019	
Substantive Revisions	June 2025	Michael DeCourcy and Zach Atwell

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