



Kentucky Wesleyan College Advancement

Policies and Procedures

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Revised June 2002

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Kentucky Wesleyan College

College Mission

Kentucky Wesleyan College, in partnership with the United Methodist Church, fosters a liberal arts education that nourishes and prepares students intellectually, spiritually and physically to achieve success in life.

Advancement Office Mission

The Advancement Division (offices of alumni relations, development and public relations) advances the College by fostering lifelong relationships between graduates and friends of the institution, engaging its constituents to generate private financial support for the College, conveying a positive image by building community and celebrating the success of students, faculty, staff and alumni.

Introduction

The President of Kentucky Wesleyan College has ultimate responsibility and control of the college's philanthropic activities. The Vice President for Advancement reports to the President and administers the advancement activities of the college. The advancement division consists of the offices of development, alumni relations and public relations. One of the central purposes of the advancement area is to facilitate, receive and record philanthropic giving to Kentucky Wesleyan College.

By serving as the gateway for all philanthropy Advancement is responsible for maintaining a complete giving history of donors to the institution, ensures that Kentucky Wesleyan College donors are appropriately acknowledged, and makes sure the philanthropy figures presented to external sources are as complete as possible. This document is intended to provide an overview of the current policies and vehicles for philanthropy at Kentucky Wesleyan College.

It is the intention of the President and Board of Trustees of Kentucky Wesleyan College that each natural constituent be given regular opportunities to support Kentucky Wesleyan College through regular annual fund programs for budgeted needs whether for unrestricted or restricted purposes from the donor's normal income; periodically to support special fund programs in addition to recurring support of the annual fund; and regularly to consider a planned gift objective using one or more deferred gift vehicles in addition to recurring support of the annual fund and special fund programs.

Constituents of Kentucky Wesleyan College include, but are not limited to the following:

- Governing members and their spouses – past, present, honorary and emeriti
- Alumni – all matriculants achieving 30 hours of credit or more, including honorary degree holders and award recipients (Associate Alumni have 30 hours but did not graduate)
- Parents – of current students and alumni
- Faculty and their spouses – present and retired
- Staff and their spouses – present and retired
- Students and their spouses – all full-time and part-time
- Friends – persons not specifically identified herein, but who have shown an interest in Kentucky Wesleyan College and who may be associated with the United Methodist Church
- Organizations and Associations – local, national and those related to other constituents
- Businesses – local, national and those related to other constituents
- Foundations – general purpose and associated with the United Methodist Church

It is customary procedure to seek gifts from individuals, organizations, associations, foundations and businesses. It is also customary to seek planned gifts according to the individual donor's circumstances and personal estate planning objectives. At all times, all trustees, executive officers, staff and volunteers must urge each prospective donor to contact personal financial counselors before offering specific, technical counsel on the disposition of resources.

Policies adopted by the Board of Trustees must be adhered to throughout the institution. Said policies apply to all faculty, administrators, support staff, maintenance staff, coaches, counselors, and volunteers which serve the institution.

The President of Kentucky Wesleyan College and the Vice President for Advancement accept gifts and grants in accordance with the policies contained herein. The President must approve exceptions to the approved policies.

The staff and volunteers of the College have a duty to observe the highest standards of personal and professional conduct in all areas related to advancement. All staff and volunteers will adhere to the *CASE Statement of Ethics* and the *AFP Code of Ethical Principles and Standards of Professional Practice*. Copies of these documents are found in the final pages of this manual.

This document brings together information previously kept in a variety of locations and formats or that had not been previously written and disseminated in a formal way. As circumstances dictate, the policies and procedures will be expanded, elaborated or altered as is appropriate. For explanation of any portion that is unclear, please contact the Vice President for Advancement.

Philanthropy at Kentucky Wesleyan College

Gifts are considered philanthropic if the donor has the intent to make a charitable contribution, does not impose contractual requirements on his/her gift, and awards the gift irrevocably. There should be no expected return or benefit from the gift. Philanthropic giving is voluntary. No law requires giving up one's assets.

Generous philanthropy must be earned through confidence in competent management, the presentation of gift opportunities to coincide with the donor's interests, and setting the stage either for asking for support or creating the mechanism for inquiry about support. Sophisticated philanthropic programs and personnel rely upon meeting both the donor's needs and the institution's needs from the highest principles of personal integrity, motivation, study, cultivation and resolution.

Some examples of philanthropy:

A check sent to support the education provided at Kentucky Wesleyan College. This can be unrestricted or restricted to use for a particular purpose by a particular department or program.

Shares of stock to fund a scholarship, a particular program or department, or to be used for unrestricted purposes.

A computer (or any other equipment), new or used, given to benefit the college generally or to benefit a specific program.

The college also receives funds that are not philanthropic, and therefore would not pass through the Office of Development. These are generally deposited through the Cashier in the Business Office.

Examples of funds that are NOT philanthropy:

Student tuition and fee revenues

Payments made to attend special events or athletic contests offered by Wesleyan

Payments made to a "scholarship" for a specific student's tuition and/or fees if the person funding the payment is in any way related to the student.

Any questions about what does or does not constitute a gift should be directed to the Office of Development.

General Types of Gifts

Unrestricted: Because it is impossible to anticipate all financial needs in advance of their urgency, and because personal and institutional pressures for human needs and program services continue on an on-going basis, substantial, unrestricted gifts and grants permit the college administration to apply funds in-hand to areas of greatest need which thus will provide the greatest benefit to the institution.

The promotion of such unrestricted funds mandates evidence of cautious and responsible accountability on the part of the Board of Trustees and the administration. In many instances, the designation (or restriction) of funds given implies concern for confidence in the use of such funds above and beyond preferred interests. Therefore, it is crucial to report accurately, promptly, and personally on the uses of all such gifts and grants.

Restricted: Donors who have special interests in providing funds for special purposes can be assured that such use shall be rigorously honored when accepted and when given within allowable federal, state and institutional guidelines, and according to law.

Named funds: May be unrestricted or restricted and provides the opportunity to honor family, business associates, teachers, or friends through inspirational tributes of permanent value.

Purposes of Gifts

Annual Fund: Basic to all institutions is the need for regular and increasing income support to meet annual operating costs. Such regular annual gift support is usually termed “The General Scholarship Fund.” This support from individuals, business and organizations is indispensable for student assistance, faculty development, program innovation, plant maintenance, general administration, and countless other areas related to providing on-going educational services. Loyal, concerned, appreciative donors over the years have made the difference between adequacy and excellence through such personal commitments. Very large undesignated gifts indicated by donors to be of a one-time nature and undesignated bequests of \$1,000 or more may be directed by administration or trustee action for other operating, plant or endowment needs of the college.

Institutional Enhancement Fund: In addition to recurring operating income requirements every institution must meet sporadic, continuing and emergency needs over-and-above budgeted funds. Significant among these are capital building and equipment needs. Many other essential needs are not budgeted due to priority determinations. Physical plant requirements, new programs, library and equipment needs, as well as unfunded student assistance moneys, can serve as a basis for continuing special funds giving by selected constituents. Such special funds are to be identified as “term funds” not budgeted, not endowment, but rather used in one-year, five-year or ten-year periods, as agreed upon.

Endowment Funds: The annual income from endowment funds provides vital support for operations and special purposes. Deep personal satisfaction results from named funds ensuring particular interests for students, faculty, programs, departments, areas of study, or physical plant priorities, and knowing that such funds will assist important purposes in perpetuity. Most endowment objectives can be initiated

for personal fulfillment while a donor is living and can be added to from time to time and be secured by bequest, estate plan, or the transfer of real or personal property in diverse forms later. A minimum of \$25,000 is required to establish and activate an endowment fund. The administration of the college may authorize establishment of an endowment fund with amounts less than \$25,000 provided that the donor agrees the minimum required will be reached within a reasonable period of time. Budget relief items – those operating units in regular budgets – can be “endowed out” of the budget when presented as gift opportunities in whole or in part. Thus funds are freed for other purposes.

Forms of Gift Giving

There are a variety of ways to give to Kentucky Wesleyan College. The following list is not intended to be all inclusive, but merely a guide.

Checks and Cash: Checks and cash are the easiest way to give. Checks should be made payable to “Kentucky Wesleyan College.” On-line giving, gifts by credit card and gifts by electronic funds transfer are also accepted.

Gifts of Securities: Securities can be in the form of stocks, bonds, warranties, debentures, etc. Development should be notified when a donor wishes to make a gift of securities. We will work with the donor, their broker and our broker to facilitate the gift. The donor receives a gift credit of the mean value of the stock on the gift date, which is defined as the day it passes out of the donor's control. For electronic transfer of stock, stock normally passes out of the donor’s control on the day it is received in the KWC account. If the date of transfer is different, written confirmation by the donor’s representative (broker) is needed. Our policy is to sell the securities, and apply the funds to the area the donor has specified.

Gifts of Property: Donations of property are sometimes accepted as gifts by KWC. The donor is responsible for getting his/her own appraisal, and these gifts are generally only accepted if they fulfill a current institutional need. Acceptance of all non-cash charitable gifts shall conform to the procedures established by the Internal Revenue Service. In the event an appraisal is required to establish the amount of the allowable deductions, it shall be the responsibility of the donor to secure and pay the independent appraiser. If the college disposes of a non-cash contribution within two years after the receipt date, a form 8282 will be completed by a representative of the college, filed with the IRS and a copy provided to the donor. Prior to final acceptance of the gift, responsibility for completion of IRS form 8283 will be that of the college. Upon receiving the appraisal, the college will issue to the donor a receipt for the appraised amount. Said amount will be reported to the IRS.

Non-cash gifts valued at less than \$500 will not require an independent appraisal. Such a gift will be accepted and a receipt issued without an established amount of valuation. The receipt will describe the gift, but no amount will be placed upon the receipt. It will be the privilege and responsibility of the donor to establish the deductible amount for the purposes of reporting to the IRS. If the donor wishes to have a receipt with the exact value of the gift stated, it will be the donor’s responsibility to establish the deductible amount to be reported pursuant to the procedure outlined by the IRS. These gifts will be

accepted by the Office of Development in conjunction with the appropriate faculty or staff representative and a disinterested third party determining the value for internal reporting purposes. This information will not be released to the donor.

Gifts of property can take several different forms, some of which are:

Real property – residences, second homes, vacation cottages, farms, ranches, business properties, buildings, etc.

Personal property – furniture, jewelry, collections, artwork, etc.

Gifts-in-Kind – art objects, rugs, paintings, automobiles, trucks, equipment, etc.

A gift of tangible property may be accepted conditionally provided that:

initial and or ultimate acceptance of such gifts will not involve significant or unbudgeted

additional expense for present or future use, display, maintenance, transfer, or insurance; no financial or other burdensome academic, technical, or service obligation or expense is or will be directly or indirectly incurred by the institution as a result thereof;

the immediate notification of receipt of such tangible gifts by administrators, department heads, faculty or others shall be reported in advance of acceptance thereof with a comprehensive report in detail for official and ultimate acceptance;

the donor secures an appraisal from recognized experts to determine dollar evaluation for the donor's tax purposes;

such gifts have notable value – i.e., gift of items of limited value or lacking historic, literary or scientific significance shall be discouraged;

the terms of the gift of any object or collection or site expressly authorize, whenever possible, the sale and/or exchange as appropriate with income from such sale to be used for unrestricted purposes or for such purposes as the donor may wish consistent with institutional policies and according to law;

the gift agreement will not include any condition, understanding, or expectation that the items will be loaned back to the donor or to the donor's designee for life or extended periods of time to be determined by the donor without the expressed written approval of the Board of Trustees.

Bargain sales: Transfer of the appreciation only in real estate, tangible personal property, securities, etc. provides a gift to the college while retaining some cash payout for the donor.

Patents and copyrights: The rights to future gain and benefit on intellectual properties covered by the patent or the copyright would become the college's.

Royalties, mineral rights and oil leases: Future payments on these types of properties provide income to the college or the college can sell them for cash. These gifts are entered in the donor gift system with a credit value comparable to what the donor would receive as a deduction if possible.

Planned Gifts: Planned giving vehicles allow donors to receive a favorable charitable deduction, favorable tax consequences, and possibly annual income.

Other options for giving can be explored with the Office of Development.

Pledges

A pledge is an agreement by a donor to make a gift over a specific time period. The donor should sign a written pledge document and specify the amount, the gift purpose or account, a schedule showing payment dates and amounts, and when pledge reminders are to be sent. It is preferable for pledges not to exceed five years from initiation until final payment is made. Following are multi-year pledge guidelines:

Crediting Gifts

Gifts of cash will be credited at face value and securities will be credited at the mean market value on the date of the gift, determined by averaging the high and low selling price on the date of transfer to Kentucky Wesleyan College. With respect to securities, neither losses nor gains realized by the sale of securities after their receipt, nor brokerage fees or other expenses associated with the transaction are to affect the gift value.

Legal credit, also known as hard credit, is given to the entity that actually makes the gift. They could “legally” treat their gift as a charitable gift. Soft credit is given to simply show association with a gift, and allows KWC to credit a donor for fundraising recognition purposes. Soft credit donors cannot regard the gift as a charitable contribution. All gifts must be credited towards the appropriate donor entity.

Examples:

A donor requests that a private foundation (like Community Foundation of Louisville) direct a donation to Kentucky Wesleyan. In this case the legal donor is the private foundation, but the individual donor is given soft credit for Kentucky Wesleyan College recognition purposes.

A professor signs over a check she received from a company as an honorarium. The donor is recorded as the professor and the company does not receive soft credit. Please note: even if the check is payable to Wesleyan, the check is payment for services rendered and a gift from the professor.

A person makes a gift with a check from his/her business. The legal donor is the business, but the donor receives soft credit for recognition purposes only.

A matching gift is received from a corporation or corporate foundation in response to an employee's gift to the college. The legal donor is the corporation, but the donor receives soft credit for recognition purposes.

A husband and wife are both alumni of the college and make a single joint gift. Hard credit and soft credit are split between the two so that the gift will only be added to the total once, and both classes will receive credit for a gift received.

Adjusting Gifts and Pledges

Changing information about a donor's gift or pledge requires written documentation from the donor. Exceptions to this would be the case of correcting any errors made during gift entry, bounced checks, or writing off pledges determined to be uncollectable.

Documentation about write-offs must be sent to the Business Office when the pledge was recorded in the General Ledger.

Date of Gift

The date of gift is determined to be the date it passes out of the donor's control. For cash/check donations and securities sent through the US Mail, this is the postmark date on the envelope. For hand-delivered and non-US Mail (e.g. FedEx or UPS) the credit date is the date received, and for securities held in an account, it is the day it was transferred from the donor account to the Wesleyan account. For electronic transfer of stock, stock normally passes out of the donor's control on the day it is received in the Wesleyan account. If the date of transfer is different, written confirmation by the donor's representative (broker) is needed.

Determining and reporting the date of the gift is always the responsibility of the donor. As the college receipts and acknowledges gifts made to Kentucky Wesleyan College, only the date the gift is received is to be reported.

Processing Gifts

All gifts received must be processed through the Office of Advancement in accordance with the Gift Processing Policy.

Recognition

The goal is to send acknowledgments to donors within 3 working days of receipt of the gift. The acknowledgment shows the donor's name and address, value of the cash gift, the fund name, and any tribute information. For non-cash gifts, a description of the gift is provided instead of a gift amount. As of January 1, 1994, the IRS requires donors to have an official acknowledgment for any gift of \$250 or greater in order to claim a charitable tax deduction. The Office of Development issues these on behalf of Kentucky Wesleyan College.

The current giving partners/societies (donor recognition groups) are based on gifts or pledge payments received within a fiscal year. All donors not requesting anonymity are listed in Kentucky Wesleyan College Donor Recognition Report. The Kentucky Wesleyan College fiscal year runs from June 1 to May 31. Matching gifts are business gifts but will be credited to the donor for giving partners/society membership. Following are the current giving partners/societies:

The President's Circle

- \$25,000 or more
- \$10,000 to \$24,999
- \$5,000 to \$9,999
- \$2,500 to \$4,999
- \$1,000 to \$2,499

Heritage Society

The College has established the Heritage Society to honor anyone who has provided for Kentucky Wesleyan's future through a deferred gift vehicle. The names of said persons, with their permission, are listed in each year's Donor Recognition Report and its members are invited to special events.

Naming Opportunities

Naming opportunities and plaques as forms of recognition must be reviewed with the Office of Advancement to maintain consistency throughout the college. A physical plant inventory of all rooms, facilities and features available for naming purposes can be used to provide incentive for donors to make gifts. Final naming of rooms, facilities and other features must be approved by in compliance with the Naming Policy and Procedure noted in this manual.

Confidentiality of Records

Kentucky Wesleyan College takes very seriously the need to always maintain confidentiality of giving records of individuals, corporations and foundations. To this end, both electronic and hard copy donor records are maintained and their security monitored by the Office of Advancement. Giving, pledge histories and current information are routinely available only to staff in the advancement area and the president's office. They are made available to other members of the staff, Board of Trustees and volunteers on a "need to know" basis for work on campaigns and development projects.

Retention of Records

The retention requirements and location of all records related to the Office for Advancement is part of this manual and found attached to the Record Retention Policy and Procedure.

Funds

All gifts are credited to an account number that corresponds to the purpose of the gift stipulated by the donor. If the donor does not choose a specific purpose for his/her gift, it is deposited to the unrestricted operating account (General Scholarship Fund). If no fund exists that meets the purpose the donor designated, one will be created along with a gift agreement.

Soliciting and Utilizing Gifts

General solicitation: Group or general solicitation of funds may be initiated by departmental or individuals at the College only with the advance approval of the Office of Advancement.

Institutional approval: To avoid multiple appeals and/or solicitation of gifts from individuals, businesses, organizations, or foundations, and to prevent institutional and donor embarrassment, the Office of Advancement must approve all solicitations in advance.

Permanency clause: As appropriate, the terms of any designated or endowed fund must include language to permit the College to assign different, alternative, modified, but related use of such funds as conditions might dictate at some point in the distant future. The donor may authorize such action by including the following clause in the transfer of assets while living or by bequest:

“If, at any time in the future, the organization or its programs are modified in any manner which makes application of the guidelines and conditions in this agreement unlawful, impracticable, impossible to achieve, or wasteful, the Board of Trustees of Kentucky Wesleyan College or its successor organization, shall have the sole authority to modify this agreement in a manner which meets the guidelines and conditions set forth in this agreement as closely as possible.”

Acceptable gifts: Gifts of cash, securities, and other personal and real property directly and indirectly through fiduciary devices are acceptable unless contrary to law.

Unacceptable gifts: Unacceptable gifts are those, which, but are not restricted to the following:

- contain restrictions as to relatives or descendants as beneficiaries;
- contain restrictions reserving the designation of beneficiary of the gift to the donor or his/her assigns; i.e. scholarships, fellowships, professorships;
- contain conditions requiring the future employment of any specified person;
- contain unreasonable conditions of gifts of partial interest in property;
- restrict endowment funds with a corpus under \$25,000 and for which additional sums are not assured and certified in writing, except as defined herein;

permanently commit the college to the naming of a facility, program or endowment fund where the instrument committing the gift is revocable.

Reporting: Donors will receive annual reports on uses of endowed and restricted operating funds, insofar as practicable.

Group funds: The solicitation of funds to be maintained by the college but which are to be used or administered by groups of alumni or other groups or individuals is prohibited. Gifts or funds either for current use or endowment solicited by trustees, administrators, faculty or staff should be solicited in the name of the institution only when approved in advance for receipt and expenditure by the college for educational purposes. Special funds to be held by department heads or other managers outside the normal accounting and acknowledgment procedures are considered inappropriate and are not permissible.

Honor gifts: Gifts to honor, memorialize or otherwise recognize individuals, whether while a donor is living or established by bequest, shall be subject to the President of Kentucky Wesleyan College's approval if the conditions of the gift are outside the normal giving procedures.