
SERVICE STEWARDSHIP SUPPORT

Fund Administration Practices at KU Endowment

Through careful administration and investment of funds,
KU Endowment provides the following services.

For donors:

- A tax-advantaged means of helping KU
- Stewardship of gifts for as long as the donor chooses
- Assurance that gifts will be used only for the designated purpose and not mixed with state funds or other resources

For KU:

- Simplified access to funds
- Maximization of resources available for priority programs
- The greatest possible assurance of perpetual support for the university through private funds



Support for the University of Kansas through KU Endowment

The growth and strength of the University of Kansas depend in part upon private support made available through KU Endowment. Contributions from individuals, corporations and foundations help make it possible for KU Endowment to provide the university with significant support each year. KU Endowment funds provide resources for scholarships, professorships, research, land acquisition and maintenance, construction of facilities, and many other purposes.

Through responsible management and investment of the funds established from donors' gifts, KU Endowment strives to provide maximum ongoing support for the university. Using the methods described below, KU Endowment has been able to significantly increase resources for KU, its students and its faculty members.

Classifications for KU Endowment funds

When donors make a gift to KU Endowment, they may designate which university program, project, school or area will benefit from their gifts. They also may specify whether their gifts may be spent entirely or will be used to create or augment a permanent, or endowed, fund account. Two broad account classifications, along with other classifications used in special circumstances, are described in this section. These fund classifications help KU Endowment administer its resources in accordance with the guidelines established by donors.

For each fund account, regardless of its classification, KU Endowment formally identifies a university employee, known as the fund account representative, who is authorized to recommend disbursements from that account. This responsibility is usually assigned after discussions between the donor and an appropriate KU Endowment fundraising staff member.

The fund account representative is the faculty member or professional staff member who is responsible for the university division that is to benefit from the gift. For example, a department chair likely would be identified as the fund account representative for an account to benefit a specific department, and a dean likely would be identified as the representative for an account to benefit a particular school or the College of Liberal Arts and Sciences.

Endowed funds

Many donors specify that their gifts be endowed. This means that their gifts will create permanent fund accounts to be invested to provide support for the university across generations. Under KU Endowment guidelines, the minimum contribution for establishing an endowed account varies depending on the account's purpose. Endowed accounts support a wide variety of purposes, such as named scholarships, fellowships, professorships or KU research.

KU Endowment places endowed accounts in its Long-term Investment Program. Maintaining the financial worth of these accounts in perpetuity requires growth in an account's market value. Through careful management, the value of an account increases in proportion to the growth of the long-term investment portfolio's market value. This growth makes it possible for the account to continue, over generations, to provide a consistent level of support for the objectives set by the donor when the account was established. Additional contributions from donors to an account's invested balance also increase the account's value.

Expendable funds

Donors can specify that their gifts be fully expended for the purpose they designate. Expendable gifts often are intended to add to existing fund accounts at KU Endowment; many of these gifts benefit a specific university department.

In some cases, new expendable accounts are established to underwrite support for special projects, such as the construction of a laboratory, specific research or another scholarly project. Donors may establish a new expendable account with a minimum contribution of \$5,000. Expendable gifts provide readily available resources that enable the university to continue important programs or take advantage of unexpected opportunities.

Classifications used in special circumstances

Pending-endowed funds

Donors who want to establish an endowed account by making gifts over a period of time can do so through a pending-endowed account. The maximum time period for establishing a pending-endowed account generally is five years; this is referred to as the conditional time period. During this period, donor contributions are invested in the long-term investment portfolio, and no expenditures are made. In addition, the income earned by the account is reclassified as principal and invested in the long-term portfolio to help the account grow.

The purpose the donor chooses for the account will determine the minimum funding level needed to endow it. Only donor contributions – not the investment gain or loss – will be counted toward achieving the minimum funding level. When contributions to the account reach the minimum amount needed to endow it, the account will be administered as an endowed account.

Should donor contributions to the account not reach the minimum funding level by the end of the conditional time period, KU Endowment may disburse the entire account balance – including donor contributions and accumulated income – for the purpose chosen by the donor when the account was established.

Quasi-endowed funds and expendable allocated funds

In some cases, fund accounts established from a gift may be managed as endowed accounts even though the donor did not place this restriction on the gift. For example, a very large gift may provide much greater support for the university over time if it is managed as an endowed account rather than as an expendable account.

The decision to manage the account as if it is endowed may be made by KU Endowment or by the university fund account representative designated to authorize purchases from the account. KU Endowment may classify the account as quasi-endowed and manage it as an endowed account. In other cases, a fund account representative may request that a gift be administered as an endowed account for an extended time period – in which case it will be classified as an expendable allocated account.

Expendable allocated accounts that have been invested for the long term may later be withdrawn from the long-term investment portfolio for immediate expenditure, with two provisions. As with any fund, the proposed use must be appropriate to the purpose determined for the account by the donor. KU Endowment also requires up to one year's notice so as not to disadvantage the account or other long-term portfolio participants (i.e., sustain a loss on the sale of the underlying securities).

Agency funds

The university formally recognizes KU Endowment as the official entity to raise and manage private resources for KU's benefit. Nevertheless, donors sometimes make gifts and bequests directly to KU or other related entities, rather than to KU Endowment. The university and affiliated organizations usually request that KU Endowment manage and administer the fund accounts that are established by these gifts. These accounts, managed but not owned by KU Endowment, are called agency accounts. As with expendable allocated accounts, KU Endowment requires up to one year's notice to withdraw agency accounts invested in the long-term investment portfolio from its administration.

Life income gifts

KU Endowment also administers and invests funds created through two types of life income gifts: charitable remainder trusts and charitable gift annuities. Each type of gift provides income for the donor during his or her lifetime and also may offer a significant tax deduction. Every life income gift is professionally managed and invested in a diversified account. The remaining value of the gift is used to provide support for the university according to donor specifications.

For more information

KU Endowment representatives on each campus are available to answer your questions about academic programs, fund account administration and investment methods.

On the Lawrence Campus:

KU Endowment
P.O. Box 928
Lawrence, KS 66044-0928
Phone: 785-832-7400
Toll-free: 1-800-444-4201 Fax:
785-832-7493

At KU Medical Center:

KU Endowment
4125 Rainbow Blvd.,
Suite 300
Kansas City, KS 66103
Phone: 913-562-2700
Toll-free: 1-888-588-5249
Fax: 913-588-5291

**At the KU School
of Medicine-Wichita:**

KU Endowment
1010 North Kansas
Wichita, KS 67214-3199
Phone: 316-293-2601
Fax: 316-293-2628

**At the KU
Edwards Campus:**

KU Endowment
12600 Quivira Road
Overland Park, KS 66213-2402
Phone: 913-897-8553
Fax: 913-897-8490

kugiving@kuendowment.org | www.kuendowment.org

KU Endowment is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Gifts to KU Endowment are tax-deductible under Section 170(b).