



Foundation Reporting



NORTHERN KENTUCKY UNIVERSITY

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FI – Foundation Reporting

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History of NKU Foundation

The Northern Kentucky University Foundation, Inc., was incorporated on November 23, 1970. The Foundation is a 501(c)(3) public charity. Contributions to the Foundation are tax deductible. The Foundation supports NKU and is a separate legal entity from NKU. The Foundation manages private funds, not state funds.

NKU Foundation Governance

The NKUF Board of Directors consists of approximately 50 members including leaders in business, education, and local government. Executive committees on the Board include 2 NKU regents, NKU President, NKU VP of Advancement and 5 other NKUF Board members. Other Board committees include finance and investment. The NKU VP of Advancement serves on the NKUF Board and Executive Committee. The NKUF Executive Director reports to the NKU VP or Advancement.

NKU Administrative Support of the Foundation

NKU provides administrative support of the NKU Foundation by:

- Provides Foundation office and meeting space
- Shares cost of NKUF administrative personnel
- Raises funds to be administered by the NKUF
- Processes gifts and maintains donor database
- Provides support services to NKUF for IT, accounting, purchasing, accounts payable, human resources, etc.

The Purpose of the Foundation

The sole purpose of the NKU Foundation is to support Northern Kentucky University. The NKUF administers:

- private gifts raised by NKU
- fund raising event transactions
- public service event transactions
- educational outreach to the community

NKUF does not administer:

- Grants
- Contracts
- Fee for service arrangements
- Summer camps
- Student agency funds
- Other agency funds

The above noted activities are administered by either NKU or NKU Research Foundation.

Foundation Gifts

A gift is a voluntary, unconditional transfer of assets or cancellation of liability. There is no reciprocal benefit to the donor, and the gift benefits the University or the Foundation. Gifts include promises to give (pledges) and exclude government funding or support.

Gift restriction levels include:

- Unrestricted
 - Spent at the discretion of NKUF management
 - May be used to support NKUF operations
 - May be applied to support NKU programs
- Temporarily Restricted
 - Donor designated for a specific department or purpose, for example:
 - Academic department support
 - Scholarships and awards
 - Academic programs
 - Professorships and chairs
 - NKU facilities or equipment
- Permanently Restricted
 - Donor designated endowment principal gift
 - Principal gift amounts are invested with only the investment earnings available to be spent for a purpose specified by the donor
 - NKUF has endowment management policies that apply to investment and spending of endowment funds

Restrictions represent donor designations of the purpose for which a gift may be spent.

To deposit Foundation gifts, prepare a NKU Foundation Cash Transmittal form. **Use a separate form for non-gifts.** Deliver the deposit to the NKU Bursar in a sealed deposit bag with a copy of related paperwork in the outside pocket of the bag. For additional information about NKUF deposit procedures, please visit <http://foundation.nku.edu/policies.html>.

Use of Foundation Funds

NKU Foundation funds are not governed by the purchasing restrictions applicable to spending state funds. They are subject to NKU and NKUF spending policies, laws, regulations, rules, and donor restrictions. They are also to be used to supplement, not circumvent University spending policies. NKU Foundation funds are scarce resources that should be spent in the most effective manner.

General spending guidelines:

- Must be for official University or Foundation business only
- Must be in the best interest of the University and NKUF
- Must be spent in the most effective manner
- Must comply with applicable policies, laws, regulations, rules and donor restrictions
- May not exceed available resources
- Must be reasonable as to quantity and quality
- Must directly benefit the program being charged
- Must be properly documented and approved

Do not spend NKUF funds:

- To benefit the campaign of any candidate for public office or to directly influence public legislation
- To personally benefit an individual or to pay personal expenses
- If it doesn't directly support NKU or NKUF
- If it may create additional liability for NKU or NKUF
- If not made in an economically responsible manner
- If not a customary and reasonable business purpose
- If not considered prudent management of the funds of another
- If it jeopardizes the tax exempt status of NKUF

Propriety of Foundation Funds Use

Test of Propriety:

- Would a University outsider (your dentist, your child's teacher, or your neighbor) consider the expenditure to be a reasonable and necessary expense?
- Would you want others (such as newspaper, radio, television or other media outlet) to know and report what you have decided?
- Would a foundation donor, an auditor or the general public consider this an appropriate use of donated funds?

If the answer to either of these questions is no, this is not an appropriate use of NKUF funds.

Documentation Standards

Must provide the following (as applicable):

- Invoice from vendor
- Paid store or vendor receipt with credit card slip or other payment evidence
- Restaurant receipt and payment evidence with signed Meals and Entertainment form
- Conference /seminar registration form or subscription/periodical order form to be paid directly to the vendor

It is important to note that original receipts be kept with the department files and scanned versions should be attached to the payment documents.

Transaction code, S_KI4_38000038

What fund centers do you have assigned to you or your department? Use this transaction code to list your fund centers and funds. All fund centers are assigned to a six-digit authorization group.

NKU Foundation Fund Number

The NKU Foundation fund number indicates the kind of account you have. The number is always a ten-digit account number and begins with "07."

- 071_____ is an unrestricted fund managed by NKUF
- 07323_____ is NOT budgeted, has a restricted purpose
- 07330_____ is budgeted, has a restricted purpose
- 07334_____ is budgeted and quasi-endowment supported
- 07337_____ is budgeted and endowment supported

The above funds are the ones you will encounter most often, since they represent spendable resources.

- 07335_____ is CPE endowment earnings
- 07338_____ is quasi or term endowment earnings
- 07339_____ is true endowment earnings
- 07364_____ is quasi endowment principal
- 07366_____ is term endowment principal
- 07567_____ is true endowment principal
- 07569_____ is CPE endowment principal

The above endowment related funds are invested and managed by NKUF.

Budgets

Budgets represent annual approval to spend specific total amounts or for certain designated purposes. Budgets are used to allocate limited resources among a variety of purposes as approved by NKUF management and are typically used to control endowment spending or to allow spending to occur against gifts promised but not yet collected.

Budgeted Accounts

- Restricted Current Funds (budgeted)
 - Funds must be spent only for the restricted purpose for which the account was established
 - Must comply with documentation standards
 - Spending is limited to approved annual budget
 - Unspent budgets do not automatically carry over
 - Monitor available budget using ZFBC

Non-Budgeted Accounts

- Restricted Current Funds (not budgeted)
 - Funds must be spent only for the restricted purpose for which the account was established
 - Must comply with documentation standards
 - Spending is limited to available cash balance
 - Unspent cash balances remain with the account until spent or transferred out
 - Monitor available cash balance using ZFTB

Carry Forwards

- Whether or not Foundation funds carry forward to the next fiscal year depends on the type of Foundation account you are managing.
 - In an Unbudgeted Restricted Current Fund (07323____) the amount of cash available in the account remains in the account until it is spent.
 - In a Budgeted Restricted Current Fund (07330____) (typically Annual Donor Scholarship accounts) the amount of cash available in the account remains in the account until it is spent. However, this type of account receives an approved annual budget that is the amount allowed to be spent for the fiscal year (regardless of the cash available) and the budget is intended to be spent within the fiscal year it is approved for and does not automatically carry forward. Each fiscal year the account holder should communicate with the Foundation Office regarding the budget needs for the year.
 - An **Endowment Spending account (07334____ or 07337____)** receives an annual approved budget that is intended to be spent within the fiscal year. Any unspent **budget is not automatically carried forward** into the next fiscal year. If there were special circumstances that affected the ability to spend the budget a written request for a budget carry forward can be sent to the Foundation Office for potential approval.
 - In a **Plant Fund or Capital Gift account (07776____)** the amount of cash available in the account **remains in the account until it is spent.**

ZFTB – Trial Balance Report

ZFTB used to monitor the cash balance.

1. Enter FY / Period.
2. Enter Fund in the Or value(s) field.
3. Click Execute.

NKU Trial Balance: Selection

Data Source...

Selection values

Fiscal Year: 2010
To Period: 16

Selection groups

Account Group (Balance Sheet)				
Or value(s)		to		↕
Business Area Group				
Or value(s)		to		↕
Fund				
Or value(s)	0733001250	to		↕
Grant				
Or value(s)		to		↕
Funded Program				
Or value(s)		to		↕

Note: Close the Navigation window to view the report more clearly.

Trial Balance

Navigation On/Off

Date/Time: 03/12/2010 13:23:01 Northern Kent
Trial Balance

Fiscal Year: 2010

Fund : Foundation Miscellaneous Scholarships
Business Area : (*
Grant : (*
Funded Program: *

Accounts	Op. Bal
100000 Cash Control Amount	44
110100 Pledges Receivable	
114900 Allow-Uncoll Pledges	
202000 A/P-Due NKU Fin Aid	
300010 Net Assets	44
450010 Gifts & Bequests	
450900 Contra Rev-Writeoff	
* Total	

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The trial balance display provides four columns of information:

Opening balance – this is the balance for each line item at the beginning of the fiscal year

Debit column – this indicates the debit side of transactions posted to each line item this year

Credit column – this indicates the credit side of transactions posted to each line item this year

Ending balance – this is the balance for each line item as of the end of the period you selected or the current balance if you chose to display year to date information

Debits and credits are neither good nor bad. They are just a way of recording transactions and balance information in the fund. Debits are usually presented with a positive sign, while credits are presented with a negative sign.

The trial balance opening balances and the trial balance ending balances will always add up to zero for the fund as a whole. This is what it means to be “in balance” -- total debits must always equal total credits. Each transaction posted during the year consists of equal dollar amounts of debits and credits, representing increases or decreases in the individual general ledger line items to which they are posted.

Note: Consider accounts payable balance and obligations incurred but not yet presented for payment (e.g. ProCard, outstanding orders) or transactions in transit.

Trial Balance				
Date/Time: 03/12/2010 13:26:36 Northern Kentucky University Trial Balance				
Fiscal Year: 2010 To Period: 16				
Fund: Foundation Miscellaneous Scholarships (0733001250)				
Business Area: (*)				
Grant: (*)				
Funded Program: *				
Accounts	Op. Balance	Debit	Credit	Balance
100000 Cash Control Amount	44,300.06	6,458.64		50,758.70
110100 Pledges Receivable	250.00	10,000.00	10,166.64-	83.36
114900 Allow-Uncoll Pledges	27.50-	27.50		
202000 A/P-Due NKU Fin Aid				
300010 Net Assets	44,522.56-			44,522.56-
450010 Gifts & Bequests		10,000.00	16,292.00-	6,292.00-
450900 Contra Rev-Writeoff			27.50-	27.50-
* Total		26,486.14	26,486.14-	

Accessing NKUF Funds

- Parked Vendor Invoice (PVI)
 - SAP transaction code FV60
 - Use for expense reimbursements or to pay a vendor invoice where a purchase order (PO) was not used to make the purchase
- Purchase Requisition
 - SAP transaction code ME51N
 - To be used if NKU Purchasing Department services are needed (e.g. Purchase Order)
- Interdepartmental Billing
- NKU Procurement Card

Helpful Tips

- Most foundation expenditures represent transactions that are complete except for payment. Use a PVI, rather than a requisition for such transactions.
- Always ask for and save receipts. You may be refused reimbursement if you cannot support expenditure with a receipt.
- Don't write checks to NKU, NKUF or NKURF. Use an interdepartmental bill.
- Payroll costs to be paid with NKUF funds may not be charged directly to an NKUF account. Such costs must be accumulated in an NKU subgrant account and billed to NKUF monthly by NKU Grants Accounting staff.
- NKU Pro Card purchases must be fully supported by receipts kept in your department; if not, you may be asked to repay NKU or NKUF for unsupported charges. Please visit <http://foundation.nku.edu/policies.html> for more information on expenditure policies.
- Deposit bags state to place cash only in the top section and all other items in the bottom; **however**, you will need all cash, coin, checks, credit cards, support documentation, etc. to be placed in the top portion of the bag. Only the transmittal is to be placed in the bottom. Advancement Services will only open the bottom section to verify gift or non-gift. If money is placed in the bottom section, Advancement Services is then liable to take the bag. The Bursar doesn't really handle the bags or make the actual deposits once they are dropped off. The Bursar only deals with the deposits that advancement services leaves for them.

Expenditure Policies

- Discretionary Funds
 - All NKUF expenditures must be for valid business purposes and be properly supported by documentation.
 - NKUF and NKU are in the process of developing additional guidance about whether NKU or NKUF funds may be used for many of the more common types of discretionary expenditures encountered at NKU.
 - Please contact the office of NKU Foundation at x5126 if you have questions about whether specific types of expenditures are allowable uses of NKUF funds.

NKU Foundation FAQs

1. No transfers of cash or budget are permissible between the University and the Foundation. Instead a recode of revenue or expenditures should be requested (e-mail Foundation Accounting with details).
2. Scholarship/Award Process – Scholarship related accounts are budgeted accounts. You will receive your new year budget in the spring before the new year begins (i.e. the letter you receive from the Office of Financial Assistance in April 2010 would be your FY11 budget)
3. Every Foundation account has both a fund number and a fund/cost center number associated with it. Use the fund number to identify which type of Foundation account it is (further explanation in training power point presentation).
4. Each endowment has three accounts associated with it: Endowment Principal Account, Endowment Investment Account, and an Endowment Spending Account.
5. Use ZFTB in SAP to find the available balance for non-budgeted accounts. Use a budget report (ZFBC or ZFD1) to find the available balance for a budgeted account.
6. Annual Donor Scholarship accounts (fund numbers beginning in 07330____) must have an approved budget by Foundation Management for spending to occur (even if there is sufficient cash in the account). Endowment spending accounts are also budgeted accounts.
7. Use t-code FM55 and the fund number or FMSC with the fund center number to view the account's purpose. It is listed under the Long Text tab.
8. NKU procurement cards can be used for purchases that will be funded from a Foundation account. When the charges are reconciled on the US Bank Access Online website they can be coded to the Foundation account. Contact Procurement Services to have an account added to the account options if needed. Copies of receipts and all other supporting documents should be kept in the department's files for a minimum of three years.
9. Forms that require a signature need to be an original signature (not stamped or typewritten).
10. If the account holder is being reimbursed their supervisor must sign approving the expenditure.
11. Non-gift and gift deposits should be in separate deposit bags and documented on separate cash transmittals.
12. When submitting deposits please provide a description of the deposit that is detailed enough for determining what the deposit is in regards to so it can be properly recorded.

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13. Please use a Foundation cash transmittal form for Foundation deposits rather than a University cash transmittal form so that the money is deposited into the correct bank account. The form says Foundation at the top. These forms are available online at the Foundation's website at <http://foundation.nku.edu>. The preparer of the form should be directly associated with the unit receiving the deposit.

14. Questions about a Foundation account – Contact:
 - a. Karen Zerhusen-Kruer, Foundation Executive Director – zerhusenkk@nku.edu or x5126
 - b. John Bailey, Director, Foundation Accounting/Financial Management – baileyjo@nku.edu or x6457
 - c. Amanda Asbury, Senior Foundation Accountant – asburya1@nku.edu or x6608
 - d. Ashley Jackson, Accountant – moodya1@nku.edu or x7520

15. Please visit the NKU Foundation's website at <http://foundation.nku.edu/> for policies, forms, and other general information.