



## GIFT ACCEPTANCE POLICY AND PROCEDURES

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The objective of this Gift Acceptance Policy is to provide guidelines for the solicitation and acceptance of donations in support of the mission of the La Crosse Public Education Foundation, Inc. (LPEF). It is subject to approval and modification by the LPEF Board of Directors.

LPEF was incorporated in 1988 and received recognition from the Internal Revenue Service on Feb. 21, 1989 as a 501(c)(3) non-profit organization. The organization was founded “specifically to raise funds and make grants and engage in projects and programs for the benefit of the public schools and the public school children of the La Crosse School District.” The Foundation:

- Provides support for projects and programs which are consistent with District philosophy, but where insufficient funding is available within the District budget.
- Promotes public understanding of and non-political support for public education.

LPEF is a separate entity from the School District of La Crosse and is governed by its own Board of Directors. To promote communication and a strong relationship with the District, the LPEF Board of Directors includes ex-officio members: the non-voting superintendent of schools (or his or her designee); and a member designated by the Board of Education, other district employees, and retired employees, are eligible for election to the LPEF Board of Directors.

LPEF and the School District of La Crosse have defined the services and support to be provided by the Foundation, and the services and support to be provided by the District, in a separate Memorandum of Understanding. The Memorandum outlines the role of LPEF in supporting District priorities, including identifying proper uses – and limits - for money raised and distributed by LPEF.

LPEF relies on charitable contributions to fulfill its mission. In soliciting or accepting gifts, LPEF shall clearly represent the organization’s policies and mission which might pertain to this exchange and honor all statements about the use of the contributions. LPEF reserves the right to refuse a gift if it is determined to be in conflict with the mission of LPEF, or in conflict with the Memorandum of Understanding between LPEF and the District.

### POLICY IMPLEMENTATION

The LPEF Board of Directors is vested with the final decision to accept or reject a gift based on this policy. The Board delegates initial review and interpretation of this policy to various committees as appointed annually by the President. Exceptions to the policy may be made only by the Board.

The Executive Director is responsible for adhering to these policies, and for initiating discussions about review and interpretation as needed. The Executive Director, with assistance from designated staff members, is responsible for:

- Soliciting and securing all gifts, including engaging in negotiations, issuing invoices and suitable pledge reminders based on the benefactor's stated payment schedule.
- Receiving, acknowledging, stewarding and depositing all gifts.
- Developing and maintaining databases, mailing lists and other records of benefactors, including adhering to LPEF's policies on confidentiality and document retention.
- Preserving, investing, allocating and expending gifts in accord with the benefactor's wishes and accepted business and accounting standards.
- Reporting gifts to the Board either in aggregate or in detail, as requested by the Board and its committees.

LPEF staff members follow the Code of Ethical Standards of the Association of Fundraising Professionals, and LPEF supports AFP's Donor Bill of Rights, which is posted on LPEF's website. LPEF also is governed by its own conflicts of interest policy and nondiscrimination policy. Copies of these policies are available upon request.

LPEF also will provide a copy of its IRS determination letter, and will make annual tax returns available for inspection and copying, upon request.

LPEF's office is located in Room 109 of the Hogan Administrative Center, 807 East Ave S., La Crosse. Regular office hours are weekdays 7:30 a.m. to 4 p.m. Mail should be addressed to the La Crosse Public Education Foundation, PO Box 1811, La Crosse, WI 54602. Phone: (608) 787-0226.

Members of the LPEF Board of Directors may be reached through the LPEF office, and also are listed on the website – <http://lacrosseeducationfoundation.org>

## **GENERAL GUIDELINES**

Every gift to LPEF will be promptly acknowledged, and, when appropriate, donors will be informed of how the gift will be recognized.

- LPEF provides a written acknowledgement on LPEF letterhead, or a reasonable facsimile for electronic communications, stating the amount of a cash contribution, and (if true) a statement that no goods or services were provided by the organization in exchange for the gift. In cases where the benefactor receives something of value in return, LPEF provides a description and good faith estimate of the value of goods or services. For in-kind gifts, LPEF provides a description of the non-cash contribution and may include language such as: "Were it not for your donation, we would have had to expend \$\_\_\_ to procure such an item."
- A contribution may be designated for a specific program or purpose, or a gift may be left undesignated. If a gift is to be restricted to a certain program or purpose, the preference must be stated when the gift is made.
  - Unless otherwise specified in the agreement to accept the gift, LPEF staff will use its discretion to direct the gift to a purpose as close as possible to the benefactor's intent. Whenever possible, LPEF will use existing programs and funds, or will consult with the District on a suitable use. Benefactors may be consulted as a courtesy.
- Contributions must support and/or enhance the mission and purposes of LPEF. Contributions which subject LPEF to burdensome or unusual restrictions will not be accepted.
  - LPEF does not accept gifts for student scholarships.
  - LPEF does not solicit funds for capital improvements in the School District of La Crosse, but will facilitate pass-through grants and gifts for such purposes when the impact on staff workload is minimal.

- LPEF will not, in most cases, assume any indebtedness in connection with a gift. Exceptions must be approved in advance on a case-by-case basis by the Board of Directors.
- Expenses associated with the conveyance of a gift made to LPEF shall be borne by the donor. Once the gift has been received, LPEF assumes responsibility for any fees associated with the maintenance or sale of a gift, such as the cost of liquidating publicly traded securities.
- In general, if LPEF receives a donation designated to a named fund, the donation will be added to the invested account held at Trust Point. For RAK designated donations, donations will be assumed to be temporarily restricted, unless the designation specifically references the “RAK Forever Fund”, in which case the donation will be added to the RAK Forever Fund endowment held at Trust Point.
- LPEF does not provide tax, legal, financial or related advice concerning gifts, and encourages benefactors to seek out their own personal advisers on such matters. (\*see disclaimer on last page)

## **GIFT SOURCES**

- Gifts and grants to LPEF are primarily solicited and accepted from individuals, corporations, organizations and other nonprofit foundations.
- Grants from government sources may be solicited by LPEF so long as District staff provide information and data necessary for seeking and meeting reporting requirements for the grant. However, due to the reporting nature required by government sources, these grants are best solicited, managed and tracked by staff from the School District of La Crosse. (See the Memorandum of Understanding for more details.)

## **TRIBUTE GIFTS, MEMORIAL FUNDS OR DESIGNATED FUNDS**

LPEF accepts and encourages gifts made in memory of a recently deceased loved one, or in honor of a particular District employee, or another individual or group of people. Whenever feasible, LPEF will notify the family of the deceased, or the individual/group being honored, with a card indicating the name and address of the benefactor, unless the benefactor has asked to remain anonymous.

These gifts may be designated for a specific program or purpose, or a gift may be left undesignated. Unless otherwise specified in the agreement to accept the gift, LPEF does not routinely credit the subject of the tribute/memorial, nor the benefactor, when expending or conveying these funds. Benefactors may be consulted on recognition as a courtesy.

Generally, LPEF does not establish separate named memorial funds, or other named funds for designated or limited purposes, except as outlined elsewhere in this policy, or where an exception has been approved by the Board of Directors, or an appropriate Board committee.

## **ESTABLISHING AND/OR CONTRIBUTING TO ENDOWED FUNDS**

Establishing an endowed fund with LPEF provides benefactors with an opportunity to leave a lasting impact on public school education in La Crosse. Some funds support a specific need or area of interest, while others have multiple purposes or provide unrestricted support. In any case, LPEF works with investment advisers to establish a perpetual fund to serve the benefactor’s interests.

The original principal or corpus of the endowed fund is invested per LPEF’s investment policy, unless otherwise dictated by the agreement with the benefactor. Distribution amounts are determined annually by the LPEF Board per LPEF’s spending policy, unless otherwise directed by agreement with the benefactor. For investment purposes, the gift may be merged with other general investment assets, but separate accounting will be maintained.

- Endowed funds are subject to nominal fees levied by investment advisers to manage and administer the fund in perpetuity.
- LPEF may assess other fees from time to time under its administrative fee policy.

A gift may be made at any time, by any person, and in any amount, to supplement an existing LPEF endowment fund.

**Unrestricted funds:** Unrestricted endowments provide LPEF with the greatest flexibility to address evolving needs in the School District of La Crosse.

- Benefactors may choose to make a gift – in any amount -- to LPEF's General Endowment.
- Or, a benefactor may set up a new unrestricted endowment with a minimum gift of \$10,000 (which can be paid over up to 5 years).

**Designated funds:** When a designated fund is established, the benefactor selects one or more areas of interest – consistent with the mission of LPEF -- as the perpetual recipient of the fund's distributions. Fund agreements provide specifics on the funding mechanism, and any limits for redirecting the purpose of the fund if circumstances change.

To establish an endowment fund, benefactors complete a simple fund agreement. LPEF staff will draft and individualize the document to make intentions clear. Benefactors will be asked to:

- Select a purpose or an area of interest that is consistent with the LPEF mission.
- Select a name for the fund – or choose a name that allows the benefactor to be anonymous.
- Indicate any preferences for how income from the fund is distributed in support of LPEF's mission, through an existing grant review process or directly to a district school or program. Alternative fund distribution methods may be considered, with attention paid to minimizing impact on staff workload
- Specify how the gift will be recognized and communicated to the public, and how distributions and related grants or programs are to be acknowledged.
- Indicate the level of involvement the benefactor desires for himself/herself, for others, or for successor advisers, such as children – including provisions for annual reporting of the fund's performance, and any grant or program funded. Provisions which subject LPEF to burdensome or unusual restrictions will not be accepted without specific approval from the LPEF Board.
- Provide an irrevocable contribution of at least \$10,000 in personal assets to start the fund, or commit to a schedule of contributions with a minimum total of \$10,000 to be donated over a period not to exceed 5 years.
- If the agreement calls for the establishment of an annual grant to fund a specific program, the benefactor may choose to provide additional annual gifts to begin funding the grant immediately, even before the endowed fund is fully funded. These added gifts do not diminish the obligation to fulfill the total pledged toward the endowed fund
- Endowment Fund agreements will include language allowing the LPEF Board variance powers in instances where
  - The endowment purpose is no longer needed. The Board will seek to determine a purpose that most closely aligns with original donor intent.
  - The donor does not meet the pledge timeline to contribute the minimum \$10,000 needed to establish an endowment. The Board will have the right to decide if funds are converted to temporary restricted or if they will be comingled with other similar endowments.

Fund agreements will be drafted by the LPEF Executive Director, who will seek input from the LPEF Board and approvals as spelled out in this policy. The final fund agreement will be signed by the benefactors, by the LPEF Executive Director and by either the LPEF Board President or Treasurer.

Benefactors receive tax deductions for the initial contribution to the fund and when additional contributions are made to the fund. (\*see disclaimer on last page)

## **VALUING PLEDGES AND PLEDGE PAYMENTS**

Pledges are accounted for by LPEF for accounting purposes at their face value on the date when the benefactor signs or approves the proper documentation. Where required, value will be determined by current IRS appraisal guidelines at the expense of the benefactor. Please note the value of a pledge will be at net present

value (gross pledge less present value discount as calculated by LPEF's professional accountants and approved by the LPEF Board).

Pledges must normally be scheduled for payment in full within five years following the receipt of the documented pledge. Other exceptions must be approved by the Executive Committee or Board of Directors.

## **LPEF FEES FOR PASS-THROUGH GRANTS AND GIFTS**

In order to maximize support for grants and programs to benefit La Crosse public schools, LPEF seeks to minimize the fees it levies on gifts or grants being passed through to the District. Except as defined below, 100% of the gift or grant will be passed through within a reasonable period of time, or when requested by the School District of La Crosse. Exceptions are as follows:

- LPEF may assess a fee to recoup a specific cost associated with the transaction, such as for processing a credit card transaction, or liquidating an asset.
- LPEF may assess other fees when spelled out in the fundraising agreement, such as for online crowdfunding through the Support-a-School.org website.
- LPEF may assess a fee when allowed by a grant funder and/or when the amount is specified in the grant application.
- LPEF may assess a fee when serving as fiscal sponsor for a group raising funds to benefit the School District of La Crosse. Such fees will be outlined in the fiscal sponsorship agreement.
- LPEF may assess other fees to recover reasonable costs – such as the cost of postage, printed materials, permanent recognition, expenses for events, or unusual staff expenses -- if disclosed up front to the benefactor and approved by the LPEF Board or a designated Board committee.
- LPEF will keep all interest earned on gifts or grants while they are held in LPEF accounts

## **GIFT TYPES – OUTRIGHT GIFTS**

### **Cash**

LPEF will accept gifts of cash – including gifts made with cash, checks, credit or debit cards -- to support the mission of LPEF. If a gift is to be restricted to a certain program or purpose, the preference must be stated when the gift is made.

### **In-Kind**

LPEF accepts in-kind gifts of various types to help meet approved needs, including:

- Gift cards/certificates for goods or services.
- Food and beverages used at designated LPEF events.
- Tangible goods, such as sports memorabilia or other items for use as raffle items or prizes at LPEF events.
- Tickets to sporting or other events for use as raffle items or prizes at LPEF events.
- Advertising and marketing services, including space/time provided by local media for use in support of LPEF's mission.
- Other services that may be offered by businesses or organizations, if the Executive Director determines that the service will be of use to LPEF or to help fulfill its mission.
- New or used office equipment/furniture, if the Executive Director determines that the gift will be of use to LPEF or to help fulfill its mission.

In-kind gifts for which benefactors qualify for a charitable gift deduction under IRS rules will be reported for LPEF accounting purposes at the estimated fair market value as declared by the benefactor for gifts valued at less than \$5,000. If the donation is believed to be valued at \$5,000 or more, it must be formally appraised per IRS regulations. The benefactor will assume responsibility and expense for providing the appraisal. For tax purposes, the responsibility is on the donor to value in-kind donations; therefore, written acknowledgements provided by LPEF will describe the item and may include language such as: "... Were it not for your donation, we would have had to expend \$\_\_\_ to procure such an item."

### **Publicly Trade Securities**

LPEF will accept gifts of publicly traded securities, including stocks, mutual funds, municipal and corporate bonds, and treasury bills and notes. Donating securities with significant increased values may have substantial tax benefits to the benefactor, as the charitable deduction is based on the market value, while the donor avoids paying capital gains taxes on the unrealized gains on the donated securities. (\*see disclaimer on last page)

Since neither the members of the LPEF Board of Directors nor its staff are professional investment portfolio managers, it is the policy of the organization to liquidate securities immediately upon receipt. Publicly traded securities are subject to market volatility and LPEF cannot guarantee the price received for in-kind donations upon liquidation. This policy shall be communicated to the potential donor to ensure the donor will not be surprised or offended at the immediate liquidation of the gift.

An investment account will be maintained to facilitate the donation of securities to LPEF and liquidation of the securities. The Executive Director will be responsible for the communicating instructions for the acceptance, liquidation, disbursement and deposit of proceeds from the sale, consistent with this policy.

Proceeds from the sale of securities are considered unrestricted gifts unless the donor has imposed a restriction as a condition of the gift, in which case procedures for accounting for restricted contributions will be followed.

For gifting purposes stocks are valued at the average of the highest and lowest values on the date the gift was made. For mutual funds, the gift's value is determined by multiplying the number of shares by the closing price on the date of the gift.

### **Closely Held Stock**

LPEF will only accept gifts of closely held stock upon prior approval of the Board of Directors. LPEF will review any requirements or liability for governance inherent in accepting the gift, as well as strategies for marketability prior to acceptance. The cost of any appraisal shall be borne by the donor.

### **Qualified Charitable Distributions from IRAs**

LPEF accepts qualified charitable distributions from Individual Retirement Accounts of benefactors. Such donations will be acknowledged stating that no-goods or services were received in return for the donation and but removing language stating the donation is tax-deductible. (\*see disclaimer on last page)

For benefactors who don't have an IRA, but have another qualified retirement plan like a 401(k), LPEF can provide the benefactor with information on how to establish a fee-free vehicle to still take advantage of this charitable roll-over opportunity through Trust Point's Philanthropic Conduit IRA. (\*see disclaimer on last page)

### **Real Estate**

LPEF will only accept of gifts real estate (including time-shares) after approval by the Board of Directors and may convene a special ad-hoc committee to review potential real estate gifts before presenting a recommendation to the board. As real estate can be highly illiquid, costly to maintain, and have pre-existing conditions attached to it that may create potential liability for the owner or may impact its salability, any gifts of real estate will be carefully scrutinized. The cost of any inspections or testing deemed necessary by LPEF, including any environmental scan, will be borne by the donor. The cost of a title search to prove the real estate is free and clear of any and all encumbrances shall be paid by the donor.

The value of the gift is determined by independent qualified appraisal as per the guidelines of the IRS. Gifts of real estate shall be converted into cash at the earliest opportunity, keeping in mind current market conditions, unless otherwise approved in advance by the Board of Directors.

If real estate is encumbered by indebtedness, the donor will be required to provide for the payment of carrying costs until the real estate is sold, unless otherwise approved in advance by the Board of Directors.

### **Investment Personal Property**

LPEF will only accept gifts of art, antiques, jewelry, precious metals, automobiles, etc. upon prior approval of the Board of Directors. LPEF will review marketability prior to acceptance. The cost of any appraisal shall be borne by the donor. Unless approved in advance by the Board of Directors, all investment personal property shall be liquidated as soon as practicable after receipt of the gift.

## **GIFT TYPES – DEFERRED GIFTS**

LPEF accepts and encourages gifts made by including LPEF a beneficiary in various types of deferred gifts described below.

LPEF strongly encourages benefactors to provide notification when intending to name LPEF as the beneficiary of any of the deferred gifts listed below. This allows for proper recognition and celebration of the benefactor's generosity, and allows LPEF to clarify the benefactor's intent.

If the benefactor provides no specific direction, the LPEF Board will determine the best use for deferred gifts. In general, deferred gifts with no specific direction over \$10,000 will be invested in LPEF's board-designated funds. When appropriate to meeting LPEF's mission, the board may choose to use the deferred gift for a current priority.

### **Bequests, Wills, and Living Trusts**

LPEF accepts and encourages benefactors to make will bequests and living trust provisions designating LPEF, or a specific existing endowed fund, as the beneficiary. Donations must support and/or enhance the mission and purposes of LPEF, and otherwise conform with LPEF's gift acceptance policy. Other bequests may be accepted upon approval by the Board of Directors.

Benefactors should speak to a legal adviser and ask to designate a specific dollar amount, or a percentage of the residue of the estate, to the La Crosse Public Education Foundation, La Crosse, Wisconsin. (If required, LPEF's Tax ID number is 39-1610700.)

### **Payable on Death Account**

A simple way to provide a gift upon death is to list LPEF as the beneficiary of a specific financial account, such as a bank checking or savings account, or a brokerage or investment management account. This allows funds in the account to be transferred to LPEF outside of probate. Usually this involves completing and submitting a simple form with the benefactor's financial institution.

When completing the form, benefactors designate a percentage of the account to the La Crosse Public Education Foundation, La Crosse, Wisconsin. (If required, LPEF's Tax ID number is 39-1610700.)

### **Transfer on Death Deed**

Certain states, including Wisconsin and Minnesota, allow for real estate owners to name who they want to inherit their property after they die. If properly signed and recorded, this transfer on death (or TOD) deed will allow the real estate described in the deed to pass to named beneficiaries outside of probate. (\*see disclaimer on last page) Benefactors are asked to discuss intentions with LPEF prior to executing a transfer on death deed, as LPEF will only accept gifts of real estate (including time-shares) after approval by the Board of Directors. For more details, see the Real Estate provisions above.

### **Retirement Plans**

LPEF may be designated as a beneficiary of a retirement fund, such as an Individual Retirement Account, 401k, 403b, or other qualified retirement accounts. Usually this involves completing and submitting a simple form to an investment adviser, or making a change in online/digital beneficiary designation. Such forms may provide limited space for directing the gift, so LPEF strongly encourages benefactors to provide notification when

intending to name LPEF as the beneficiary of a retirement plan. This allows for proper recognition and celebration of the benefactor's generosity, and allows LPEF to clarify the benefactor's intent.

When completing the form, designate a percentage of the plan to the La Crosse Public Education Foundation, La Crosse, Wisconsin. (If required, LPEF's Tax ID number is 39-1610700.)

### Charitable Trusts

Benefactors may want to speak to their investment adviser about establishing a charitable trust for the benefit of LPEF, using one of these mechanisms (\*see disclaimer on last page):

- A Charitable Remainder Annuity Trust (CRAT) or a Charitable Remainder Unitrust (CRUT) can be established to provide a lifetime income stream, and the benefactor receives one charitable deduction for the present value of the "remainder interest" that is given to charity. (A benefactor may make additions at later dates and receive additional charitable deductions.) At death, the remaining funds in the Trust go to LPEF.
  - A CRAT pays its income beneficiary (generally the benefactor) a specified sum each year that is not less than 5% nor more than 50% of the initial fair market value of all property placed in the trust.
  - A CRUT pays the income beneficiary (generally the benefactor) a fixed percentage each year, not less than 5% nor more than 50% of the net fair market value of assets, as valued annually.
  - Please note: To gain tax advantages, the trust must satisfy specific IRS requirements for either a CRAT or CRUT. (\*see disclaimer on last page)
- A Charitable Lead Annuity Trust (CLAT) or a Charitable Lead Unitrust (CLUT) can be established to provide an annual gift to LPEF, while the benefactor receives an annual charitable deduction. At death, the remaining funds in the trust typically go to family members or other beneficiaries. As with remainder trusts, a CLAT provides fixed annual payments based on the initial investment, while a CLUT provides annual payments based on a fixed percentage of the account value.

Contributions made to a charitable trust are irrevocable, although, depending on how it is established, the benefactor may be able to change beneficiaries. Speak to an investment adviser about tax benefits.

### Charitable Gift Annuity

An alternative vehicle to discuss with an investment adviser is to establish a charitable gift annuity, which is a contractual agreement between the benefactor and LPEF. The benefactor makes a gift of cash or other assets, and in exchange, LPEF agrees to pay a fixed periodic payment to one or two annuitants. When the annuitant(s) die, the amount remaining benefits LPEF. Charitable gift annuities may be established only with the approval of the LPEF Board of Directors.

### Life Insurance

A gift of life insurance is a simple way in which to make a significant gift to LPEF. Some life insurance has a cash value that can be donated to a charitable organization. LPEF also will accept life insurance in the form of wholly paid policies for which LPEF is named as both the owner and the irrevocable beneficiary. Benefactors should contact their insurance provider for more information and forms. LPEF may require a copy of the life insurance policy before accepting any gift, as the policy may need to be appraised by a qualified appraiser in order to set a cash value for purposes of determining the tax deduction for the benefactor. If a life insurance policy requires continuing premium payments, the donor shall provide a written pledge to continue making those payments, and may receive a charitable tax deduction when those payments are made. LPEF shall not incur any liability or assume any obligation relating to a gift of life insurance, unless approved in advance by the Board of Directors.

**\*DISCLAIMER:** Throughout this document, references are made to commonly understood benefits and tax advantages of certain types of gifts. It is the policy of the La Crosse Public Education Foundation to remind benefactors that LPEF does not provide tax, legal, financial or related advice concerning gifts, and encourages benefactors to seek out their own personal advisers on such matters.