

MANITOWOC LUTHERAN HIGH SCHOOL

POLICY STATEMENT RE: Gift Acceptance Policy

October 2, 2007

- *Adopted*

May 31, 2011

- *Reviewed, Revised & Adopted*

Reference: MLHS Mission Advancement Committee Charter & Strategic Plan
MLHS Gift Processing Procedure
MLHS Policy Statement re: Fundraising Events
MLHS Endowment/Trust Fund Policy Statement and Bylaws

I. CONTACT PERSONNEL Names and contact information of MLHS school officials and Board of Control (“BOC”) officers are available on the school website, via the student/faculty/staff directory, periodic newsletters, and/or the Annual Report.

- MLHS Development Director
- MLHS Principal
- MLHS BOC, Chairman
- MLHS BOC, Mission Advancement Committee Chair

II. GENERAL INFORMATION

A. Manitowoc Lutheran High School (“MLHS”) strongly encourages gifting that will enable it to fulfill its divine calling to develop young adults spiritually, mentally, and physically through a Christ-centered education.

B. This policy is designed to provide guidance so as to facilitate the gift-giving process. The intent of this policy is to provide donors with the greatest freedom possible in formulating their gifts. The following criteria are adhered to in accepting gifts:

- 1) Gifts may be accepted only for ministry and programs consistent with the mission of MLHS.
- 2) No gift may limit or restrict the purpose or mission of MLHS.
- 3) Gifts must be designed and administered in a manner consistent with legal requirements and Internal Revenue Service regulations.
- 4) MLHS cannot accept gifts that involve unlawful discrimination based upon race, gender, age, national origin, disability or other basis prohibited by law and Internal Revenue Service regulations.
- 5) Unusual circumstances regarding the structure or acceptance of gifts will be at the final discretion of the MLHS BOC via the MLHS Development Director and Mission Advancement Committee.

- C. Regular gifts are accepted through the Development office and its designee (usually the Development Director, Development Assistant, and/or the Principal). Proposed gifts which may expose MLHS to adverse publicity; require undue expenditures; or involve MLHS in unexpected responsibilities because of the source, condition or purposes of the gift, will be referred for review to the Mission Advancement Committee ("The Committee"). The Committee will make a recommendation to the BOC for final action.

III. DONOR INFORMATION

- A) **Status.** As a member of the Wisconsin Evangelical Lutheran Synod (WELS), MLHS qualifies as a 501(c)(3) tax-exempt organization under the synod's umbrella in Group 1773.
- B) **Advice and Counsel.** Various methods of gifting can provide flexibility, security and tax savings to donors. MLHS' Development Director is available to provide personalized assistance to donors seeking to understand and choose from a wide range of gift-giving possibilities. In the event that additional expertise is required, the WELS Foundation, local attorneys, and/or certified public accountants, and/or real estate brokers may be available at reduced or no cost to donors.
- 1) While the Development Director and related personnel will strive to maintain a high level of familiarity with current tax laws and policies, they are not allowed to give legal and accounting advice to donors. Donors and prospective donors should always consult with their own legal counsel or tax advisors for opinions about tax or other legal consequences of a specific gift.
 - 2) MLHS will seek the advice of legal counsel in all matters pertaining to planned giving. Planned giving agreements will generally follow the format of specimen agreements approved by legal counsel in all matters pertaining to planned giving.
- C) **Ineligible Gifts.** Certain categories of donations are not acceptable as charitable gifts to MLHS and cannot be deducted as a charitable contribution:
- 1) Gifts requested as payment for tuitions or fees. MLHS' Tuition Assistance program qualifies in that it selects a student on behalf of the donor.
 - 2) Gifts made with the condition that MLHS would spend the money for the personal benefit of a named individual or individuals.

IV. GIFT GIVING POSSIBILITIES

- A) **Outright Gifts**
- 1) Outright gifts are those placed at the immediate disposal of MLHS in which the donor retains no interest, even though the gift idea might have been derived from the high school's "Wish List" or some other idea. The most frequent method used is a personal check payable to "Manitowoc Lutheran High School." The high school also welcomes gifts made via:

- a) Cash
 - b) Credit card
 - c) Matching gifts from corporations, fraternal companies, charitable foundations, and/or individuals
 - d) Payroll deductions
 - e) Marketable securities
 - f) Tangible personal property
 - g) Real estate
 - h) Collections
 - i) Other assets.
- 2) Gifts in support of fundraising activities (auctions, golf outings, car washes, etc.) are subject to the rules pertinent to the tax-deductible portion of the gift if goods or services are provided in exchange to the donor (e.g. the cost of the meal portion of a ticketed event is not a deductible gift).
 - 3) MLHS will not enter into any agreement that obligates MLHS to either sell or retain the gifted item, or dictates the terms of liquidation.

B) Matching Gifts

- 1) Matching gifts or an "employee matching gift program" are great sources to expand a donor's giving potential and increase financial support for MLHS.
- 2) The Development Director and staff shall:
 - a) Promote the concept of matching gifts in every appeal and publication
 - b) Be familiar with and provide a listing of companies that provide matching gifts.
 - c) Assist the donor in contacting companies,
 - d) Secure and pre-complete the necessary forms,
 - e) Adhere to company guidelines,
 - f) Acknowledge to the donor when a request for matching gifts has been sent, and
 - g) Acknowledge to the donor when the matching gift has been received.

C) Securities

- 1) Gifts of closely held securities based on prior independent appraised value and gifts of publicly traded securities (e.g. stocks, bonds, mutual funds, etc.) may be accepted.
- 2) MLHS will not enter into any agreement that legally obligates MLHS to either sell or retain the securities.
- 3) The Development Director shall inform the BOC of the gift, and the BOC shall execute prompt disposition of the asset.

D) Real Estate

- 1) MLHS accepts gifts of real property with the understanding that MLHS will ordinarily make its best effort to sell the property (in order to avoid incurring non-related business income and become subjected to property taxes).

- 2) The following conditions will apply:
 - a) MLHS will not enter into any agreement requiring it to either sell or retain the property as a condition of receiving it.
 - b) The donor will bear the expense of appraisal and/or environmental audit.
 - c) MLHS cannot guarantee that it will sell the property at the donor's appraised value.
 - d) MLHS will not re-appraise or re-assign a value to real property for the donor's valuation purposes.
 - e) Logistical and practicality considerations require MLHS to hold full ownership of donated property. Joint ownership of property is discouraged, will be evaluated on a case by case basis, and may require full decision-making authority be retained by MLHS regarding the property.
 - f) At MLHS' discretion, legal counsel may be retained to evaluate and facilitate all such gifts.

E) Other Tangible Property

- 1) In the case of a gift of real property, such as vehicles or collectibles, MLHS may consign the gift by utilizing a third party who can cover any liability or warranty issue.
- 2) The donor will bear the expense of appraisal of the property.

F) Planned or Deferred Gifts

- 1) Planned or deferred gifts involve a current commitment by a donor to provide future funds to MLHS. These types of gifts generally will provide some combination of income, capital gain, gift tax, or estate tax benefit to the donor.
- 2) Acceptable methods of creating deferred gifts to MLHS include:
 - a) Will bequests
 - b) Remainder interests in personal residences or farms
 - c) Gifts of life insurance policies
 - d) Beneficiary designations on Retirement Accounts (401k, IRA, etc.), annuities or life insurance policies
 - e) Designated payee on account/pension distributions
 - f) Charitable Gift Annuities
 - g) Pooled Income Funds
 - h) Charitable Remainder Uni-trusts or Annuity Trusts
 - i) Charitable Lead Trusts.
- 3) The Development Director and MLHS' legal advisors can provide detailed information about minimum dollar amounts, interest rates, and other details associated with the establishment and/or acceptance of planned or deferred gifts.

V. Memo of Understanding

- A. Prior to completion of a gift, especially those made via methods other than cash, checks, or marketable securities, or such gifts in excess of \$10,000, which may present more areas for complication, a "Memo of Understanding" shall be completed between the donor and MLHS.

- B. The Memo of Understanding shall summarize the following:
- 1) Intended use of the gift;
 - 2) Final authority for disposition and ultimate use of the gift rests with MLHS;
 - 3) Agreement on all estimated costs;
 - 4) Agreement on the use of any outside counsel;
 - 5) Verification that the donor has received a copy of MLHS' Gift Acceptance Policy and agrees with all conditions; and
 - 6) Any other information deemed pertinent to the gift and circumstances.

VI. Designated & Undesignated Bequests

- A. "Bequests" are defined as any gifts received by MLHS upon the death of a donor. Special care is to be taken to adhere to these policies in planning for such gifts while donors are alive, as well as in accepting and administering a gift after their passing.
- B. "Designated" Bequests are defined as those which are accompanied by specific instructions as to their use (eg. via beneficiary designation, will or trust document, etc.)
- 1) Designated bequests provided to MLHS shall be applied according to the details of the donor's will or trust unless such request conflicts with the mission and ministry of the school.
 - 2) In event of ambiguity or conflict, the Committee shall review the bequest and make a recommendation to the BOC regarding its acceptance and/or administration.
 - 3) The BOC shall have the authority to accept or receive the designated bequest with the stated conditions.
- C. "Undesignated" Bequests are defined as those which are accompanied by NO instructions regarding their use
- 1) To address both current and future needs of the school, all undesignated bequests shall be split as follows:
 - a) 1/3 - MLHS Endowment Fund
 - b) 1/3 - Capital Debt Retirement (if any debt exists at the time of bequest)
 - c) Balance - Available for use per BOC discretion, outlined as follows:
 - i. If this balance is less than \$10,000:
 - The Development Director shall allocate the bequest (considering both current and future needs at the time in conjunction with input from the Principal), and report this allocation via written report to the BOC at their next meeting. Allocation of such gifts in this manner may expedite the appropriate thank-you, verification, and tax-reporting correspondence with the estate executor and/or attorney.

- ii. If this balance is \$10,000 or greater:
 - The Finance Committee, with input from the Development Director and/or Principal, shall review potential allocation alternatives (considering both current and future needs at the time) with a recommendation forwarded to the BOC for final approval.
- iii. In both cases, the allocation of undesignated bequests shall consider both:
 - CURRENT Needs
 - School Operations (budgeted areas, tuition assistance)
 - Capital improvements (building, upgrade or maintenance)
 - FUTURE Needs
 - School Endowment
 - Mortgage Reduction and/or Deficit / Reserves.