



GIFT ACCEPTANCE POLICY

Last full review 2021

1) Purpose

The Foundation for Lincoln Public Schools (“Foundation”) from time to time receives gifts from donors. Some of the gifts are designated for specific purposes by the donor. Other gifts have no restrictions. Gifts will be accepted by the Foundation if the gifts are consistent with the goals and objectives of the Foundation’s mission, subject to the terms and conditions outlined below.

2) Definitions

The following definitions apply to this Gift Acceptance Policy:

- a) **Gift** - A receipt from a donor in the form of cash, securities, bonds, real estate, or another asset. See the Foundation’s separate policy regarding the acceptance of gifts that are not readily convertible into cash.
- b) **Fund** - A separately identified account established in the Foundation’s financial records representing the Gift or Gifts received from a donor.
- c) **Grant** - A distribution from a Fund to a recipient
- d) **Annual Payout Rate** - A percentage established annually by the Foundation’s Board of Directors (Board) to be applied to a Fund balance to determine the annual Grant from the Fund.
- e) **Cost Reimbursement** - A percentage of each contribution to the Foundation that is deposited into the operating funds to defray the costs of fundraising and fund administration.
- f) **Fund A Need** - The Foundation’s web-based crowdfunding service allowing donors to make gifts to Pass-Through Funds created from time to time based on grant requests submitted by Foundation or Lincoln Public Schools staff.
- g) **Significant Single Unrestricted Gift** - An Unrestricted Gift received from a donor, or a series of Unrestricted Gifts from a donor that are multiple payments of a single pledge, equal to or greater than \$25,000.
- h) **Board Expendable Reserve Fund** - A Board-designated Unrestricted Fund created in 2012 to hold such portion of Unrestricted Gifts as determined by this Gift Acceptance Policy; such Fund to be held for the Foundation’s future needs and programs as determined by a two-thirds vote of the Board.
- i) **Champions Circle Unrestricted Endowment Fund** - A Board-created Permanently Restricted Fund established in 2008 as part of the “Great Schools Forever” Major Gifts Campaign; such Fund to receive gifts from donors designated to a permanently endowed fund created for the benefit of the Foundation’s needs and programs.
- j) **Stewardship** - The act of thanking a donor and proving accountability as to the use of funds.
- k) **Fund Administrator** - The individual or role who has authority to request a grant from a Fund to fulfil the purpose of the gift(s) as outlined in the fund agreement. Fund Administrators must

either be an LPS administrator, Principal or designated LPS staff member. The President of the Foundation for LPS may also serve as a Fund Administrator if there is no clear LPS position to administer the Fund.

- l) **Memorandum of Agreement** - A written agreement established in 2018 between LPS and the Foundation that outlines the partnership, expectations and communication channels.
- m) **Priority Projects** - Campaigns or programs that are identified by both LPS and the Foundation for LPS as needing the resources of the Foundation to accomplish. Priority Projects will be established and reviewed at an Annual Meeting of the Board of Education Leadership and the Foundation Leadership according to the guidelines of the Memorandum of Agreement.

3) Types of Gifts

- a) Each gift received by the Foundation will be classified at the time of receipt as an Unrestricted Gift or a Restricted Gift. Each Gift will be further classified as a Pass-Through Gift, Temporarily Restricted Gift, or Permanently Restricted Gift.
 - 1) **Unrestricted Gift** - the donor provides no specific designation for the gift.
 - i. The gift can be used by the Foundation at its discretion.
 - ii. The gift will be added to the Foundation's Unrestricted Fund unless otherwise directed by the Foundation's Board of Directors (Board).
 - iii. A Significant Single Unrestricted Gift (\$25,000 or more) will be administered according to Section VII.
 - 2) **Restricted Gifts** - the donor designates the gift for a specific purpose or purposes.
 - i. The Foundation may establish a separate Fund in its accounting records for each Restricted Gift or combine it with similarly-focused funds.
 - ii. In some cases, the Restricted Gift may be an addition to an existing Fund, as specified in the Fund Agreement with the donor.
 - iii. Restricted Gifts will be categorized into one of the following three categories:
 - i. Pass-Through Gift - a gift that expires by fulfilling its purpose or by complete distribution or transfer of the Fund by actions of the Board to a Fund with a similar purpose or to the Foundation's Unrestricted Fund.
 - ii. Temporarily Restricted Gift - a gift that can expire by the passage of time through grants for the designated purpose or be transferred by Board action or the Donor's approval to another Fund with a similar purpose, or to the Foundation's Unrestricted Fund.
 - iii. Permanently Restricted Gift - a gift that neither expires by the passage of time nor can be fulfilled or otherwise removed by actions of the Board, except for under conditions highlighted by the Uniform Prudent Management of Institutional Fund Act, (UPMIFA) including donor request and board permission following the provisions of the Act.
 - iv. Pass-Through Gift
 - i. The guideline for a minimum gift to establish a Pass-Through Fund is \$1,000 plus cost reimbursement fees.
 - ii. Grants are made as needed or requested from the Pass-Through Fund according to the Fund Agreement.
 - iii. The Fund may be invested or held in checking accounts, money market accounts or certificates of deposit and other low risk investment vehicles as

the Investment Committee sees fit. Earnings from Pass-Through Funds are deposited into the Foundation's unrestricted funds.

- iv. The Fund may be accessed by the Fund Administrator at any time during the year, for any amount necessary to fill the need as identified in the fund agreement. Payout cannot exceed the fund balance.
- v. Any amount remaining in a Pass-Through Fund after the purpose of the Fund has been met or the balance is \$1,000 or less and the purpose is non-recurring, can be transferred upon Board majority approval to another Fund of similar terms and purpose, or transferred to the Foundation's Unrestricted Fund.
- v. Temporarily Restricted Gift
 - i. Grant amounts are determined annually and may be accessed throughout the year. Grants may be designated as a specific amount, a percentage of the fund, or according to the board designated payout rate.
 - ii. The amount of each Grant can be a specific dollar amount, a fixed percentage of the Fund, or a single fund payout schedule for a specific project designated by the Fund Agreement.
 - iii. If the donor does not specify the dollar amount, percentage, or future payout for the fund, an annual distribution will be made from the Fund, determined using the Foundation's Annual Payout Rate as approved by the Board from time to time.
 - iv. The guideline for a minimum gift to establish a Temporarily Restricted Fund is \$10,000 plus cost reimbursement fees.
 - v. The Temporarily Restricted Funds will be invested in the Foundation's investment portfolio according to the Foundation's investment policy.
 - vi. The amount of each Grant is limited to the terms of the fund agreement. Should there not be a use for the Grant in any given year, the funds will remain invested and the Fund Administrator may request the cumulative sum of the unused payout amount in a subsequent year.
 - vii. If the Fund balance declines to an amount that no longer represents a continuing source of Grants for the designated purpose, or the purpose of the Fund no longer exists, the Board in its sole discretion can transfer the Fund to another Temporarily Restricted Fund or Pass-Through Fund of similar terms and purpose, or to the Foundation's Unrestricted Fund with a majority vote.
- vi. Permanently Restricted Gift
 - i. Grants are made from the Permanently Restricted Fund on an annual basis for purposes outlined in the Fund Agreement.
 - ii. The guideline for a minimum gift to establish a Permanently Restricted Fund is \$25,000 plus cost reimbursement fees.
 - iii. The Fund will be invested in the Foundation's investment portfolio and invested according to the Foundation's investment policy.
 - iv. The amount of each Grant is a three-year rolling average fair market value of the fund on June 30th of the fiscal year prior to the grant times the Foundation annual payout rate.

- v. The term "net income," if referenced in a Gift Acceptance Agreement, shall mean an amount equal to the Annual Payout Rate, as approved by the Board from time to time, multiplied by the fair market value of the Fund at the end of the Foundation's fiscal year prior to the Grant.
- vi. For Permanently Restricted Funds, the first annual payout from the Fund shall be made after the Fund has been in existence for a full twelve calendar months as of any June 30th.
- vii. Use of the Annual Payout Rate to determine annual Grants can result in a decrease in the Fund's balance below the Fund's initial balance.
- viii. If the Fund balance declines to an amount that no longer represents a continuing source of Grants for the designated purpose, or the purpose of the Fund no longer exists, the Board in its sole discretion can transfer the Fund to another Permanently Restricted Fund of similar terms and purpose, or to the Foundation's own Permanently Restricted Endowment Fund.
- ix. The Board may also elect to reduce the restrictions on the Funds in accordance with IRS guidelines. Such a decrease in restrictions requires a majority vote of the Board.

4) Scholarships

- a. The Foundation recognizes that scholarships over \$1,000 have the most impact. Scholarship funds not able to meet this threshold will be encouraged to be consolidated with existing scholarship funds or predetermined scholarship pools with a similar purpose as determined by the Foundation from time to time. In such cases, scholarship naming could be shared.
- b. Payout amounts for Scholarships held in Permanently Restricted Funds will be determined based on the Foundation Annual Payout Rate. The Finance Committee should recognize the intent of keeping scholarship awards to \$1,000 or more when considering changes in the payout rate.

5) Priority Projects or Special Pooled Funds

- a. The Foundation may develop grant programs and solicit contributions designed to impact targeted needs in the community and our schools.
- b. Priority Projects may include areas of need identified by the LPS Staff, the Lincoln Board of Education or may come from the Foundation Board of Directors or Staff.
- c. The Foundation for LPS President or an LPS administrator will serve as the Fund Administrator on pooled grant funds, and criteria will be developed and approved in partnership with LPS.
- d. Gifts may be placed in Pass-Through or invested funds.
- e. Special Pooled Grant Programs of the Foundation will be considered Priority Projects and cost reimbursement fees will be determined by the Foundation Board using the guidelines outlined in this policy.
- f. Grants will be awarded according to the criteria and will require the grantee to report back to the Foundation on how the funds were used.

- i. A committee or task force of the Foundation Board of Directors and ad hoc members may make decisions regarding the allocation of funds to various programs according to the fund agreement.

6) Building Fund Balances to Meet Investment Minimums

- a. When a donor starts a fund that they plan to build to an invested fund of \$10,000 by soliciting donations, the following policy applies:
 - i. The fund will be initially set up as a Pass-Through Fund.
 - ii. All donations will be assessed the Cost Reimbursement fee associated with invested funds according to the funds fee schedule.
 - iii. Once the fund reaches the minimum guideline for invested funds, the fund may be converted to a Temporary-Restricted Fund.
 - iv. If at the twelve-month anniversary of the fund, it has not reached the minimum guideline for invested funds:
 - 1. The Foundation shall contact the donor to discuss next steps.
 - 2. The Foundation shall charge the difference between the invested fund Cost Reimbursement rate and the Pass-Through Cost Reimbursement rate on all contributions to date.
- b. When a donor starts a fund that they plan to build to an invested fund paying out a \$1,000 scholarship, the following policy applies:
 - i. The fund will be initially set up as a Pass-Through Fund.
 - ii. All donations will be assessed the Cost Reimbursement associated with invested funds according to the fee schedule.
 - iii. Once the fund reaches the amount needed to pay out a \$1,000 scholarship plus fees, it will be converted to a Temporarily-Restricted Fund.
 - iv. If at the twelve-month anniversary of the fund, it has not reached at least the minimum guideline for to payout at \$1,000
 - 1. The Foundation shall contact the donor for a progress report.
 - 2. If the fund balance is over \$10,000 the Foundation and donor will revisit the feasibility of reaching the full amount needed to fund a scholarship annually or if the fund needs to payout the annual scholarship until it is depleted.
 - 3. The Foundation shall charge the difference between the invested fund Cost Reimbursement rate and the Pass-Through Cost Reimbursement rate on all contributions to date.

7) Crowdfunding

- a. The Foundation operates a crowdfunding platform called Fund a Need (FAN) which is used to help LPS staff present their needs to parents and other community members and collect charitable donations for that cause.
- b. The crowdfunding Cost Reimbursement rate will consider the costs of managing and administering the platform. (See Cost Reimbursement Table Below)
- c. Most contributions of this manner will be treated as other charitable gifts to the Foundation, and donors will be acknowledged for their gifts and sent tax receipt letters.

- d. Crowdfunding projects must be approved by an administrator of LPS or by the Foundation President before the Foundation will post them on the Fund a Need website.
- e. Donors may give lump sum gifts to be distributed across several FAN campaigns or establish an invested fund at the Foundation, with the annual payout going to support FAN projects. These contributions will only be charged the cost reimbursement rate that aligns with the fund that receiving the contribution at the time of the gift.
 - i. If gift is being made as to be used for current FAN, it will be credited to the FAN Fund and be charged at the FAN cost reimbursement rate.
 - ii. If the gift is being made to an invested fund established to give an annual payout to FAN, then it will be charged the invested fund cost reimbursement rate.
 - iii. Pass-Through Funds may not be established for the sole purpose of providing FAN grants.
- f. Non-tax-deductible crowdfunding contributions.
 - i. The Foundation may, from time to time, choose to accept contributions, through its crowdfunding platform, that are designed to support an individual, team or family. In such cases the gifts must be handled differently from other charitable contributions to the Foundation.
 1. Crowdfunding programs for individuals must be for charitable endeavors.
 2. Beneficiaries must be students, employees or families of students at Lincoln Public Schools
 3. Funds will be deposited into an existing fund, most likely the Fund for Excellence for the school where the student attends or LPS staff member works.
 4. Donations received from any third-party crowdfunding platform may not be acknowledged as the donor likely has no knowledge of Foundation involvement.
 5. Donations received directly to the Foundation will be thanked and notified that the contribution may not be tax deductible.
 6. The beneficiary(s) will be clearly defined and will complete an IRS W9 and receive a 1099 at year end for the proceeds
 7. The funds received will be charged appropriate fees according to the gift acceptance policy of the Foundation

8) Fundraising and Fiscal Agency Costs, hereafter referred to as Cost Reimbursement.

- a. The purpose of the Cost Reimbursement is to support costs associated with Foundation services and overhead such as fundraising, fiscal oversight and administration, and to support costs associated with engaging the community in public education.
 - i. The Cost Reimbursement will be collected at the time gifts are received by the Foundation.
 - ii. The Cost Reimbursement shall be transferred to the Foundation's Unrestricted Fund.

- iii. The Cost Reimbursement will be 6% of all gifts received by the Foundation to establish a Temporarily Restricted or Permanently Restricted Fund or add to an existing Temporarily Restricted or Permanently Restricted Fund.
- iv. The Cost Reimbursement rate will be 6% for Pass-Through Funds.
- b. Fund A Need:
 - i. A 14% Cost Reimbursement will be applied to Fund a Need gifts to cover the additional operating costs of the web-based service and technical assistance.
- c. Established funds transferred from another fiscal agent will not be charged a Cost Reimbursement for the initial transfer.

9) Priority Projects

- a. The Foundation Finance and Executive Committees will evaluate the estimated costs associated with raising money for Priority Project campaigns and will set a reasonable Cost Reimbursement rate for the project. Consideration will be given to the size, duration and complexity of the campaign.
- b. Priority Project Guidelines:
 - i. Projects under \$100,000: 8%-10% plus 1/8 of 1% of the goal, for each month of the campaign.
 - ii. Projects \$100,000-\$999,999: 5%-8% plus 1/8 of 1% of the goal, for each month of the campaign.
 - iii. Projects \$1M+: 3%-5% plus 1/8 of 1% of the goal, for each month of the campaign.
- c. Reasonable marketing costs will be covered by the Foundation through the Cost Reimbursement and outlined in a strategy proposal.
- d. Special campaign costs including but not limited to publications, events, travel, consultants and media campaigns may be charged to the fund outside of the Cost Reimbursement.

10) Application of Cost Reimbursement to Achieve Specific Fund Balance

- a. A donor may elect, at the donor's sole discretion, to increase an annual Grant from a Fund by making a supplemental gift to the Fund. Supplemental gifts are subject to the Cost Reimbursement policy.
- b. The donor may choose to pay the Cost Reimbursement separately from any gift to a Fund. In such case, the Cost Reimbursement will be calculated on the amount of the gift, rather than reducing the gift for the Cost Reimbursement.

Example A: Donor elects to have Cost Reimbursement paid from gift to Fund One

Cost Reimbursement:	6%
Amount of Gift:	\$1,000
Cost Reimbursement:	\$60
Amount transferred to Fund One:	\$940

Example B: Donor elects to pay Cost Reimbursement separately from gift to Fund One

Cost Reimbursement:	6%
Amount of Gift:	\$1,000
Cost Reimbursement paid by donor:	\$60
Total Amount received by donor:	\$1,060
Amount transferred to Fund One:	\$1,000

- c. Cost Reimbursement Policy Review
 - i. The Cost Reimbursement policy will be reviewed every five years by the Board, or such other time as the Board determines, by a majority vote, to be in the best interest of the Foundation. The Cost Reimbursement policy can be amended by a majority vote of the Board at any time or adjusted by a majority vote of the Board for any specific gift, as deemed appropriate by the Board.

11) Annual Fund Management Cost Applicable to Funds

- a. Annual Fund Management Cost, hereafter referred as Management Cost, will be applied to Temporarily Restricted and Permanently Restricted Funds held by the Foundation. The purpose of the Management Cost is to support expenses associated with the investment, monitoring, and processing of funds and scholarships.

12) Calculation of the Annual Management Cost

- a. Temporarily Restricted Funds and Permanently Restricted Funds:
 - i. The annual Management Cost shall be 2%.
 - ii. The annual Management Cost will be calculated on a monthly basis by multiplying the average fair market value of each Fund times 2% times 1/12.
 - iii. The Management Cost will be transferred monthly from each Fund to the Foundation's Unrestricted Fund.
- b. Pass-Through Funds:
 - i. All Pass-Through Funds may be invested in money market accounts, certificates of deposit and/or checking accounts and low-risk investments as determined by the investment committee and investment policy.
 - ii. The Foundation will retain all earnings on Pass-Through Funds in lieu of an annual Management Cost.
 - iii. Earnings on the Pass-Through Funds will be transferred monthly to the Foundation's Unrestricted Fund.

13) Management Cost Review

- a. The fiscal oversight of the Management Cost policy will be reviewed every five years by the Board, or such other time as the Board determines, by a majority vote, to be in the best interest of the Foundation. The Management Cost can be amended by a majority vote of the Board at any time or adjusted by a majority vote of the Board for any specific gift, as deemed appropriate by the Board.

14) Scholarship Fund Management Cost

- a. Each scholarship successfully awarded in a given year will be assessed \$100 per scholarship to cover the financial, marketing and stewardship expenses associated with scholarship administration.

15) Planned Gifts (Also referred to as Deferred Gifts)

- a. Planned giving is a method by which donors can provide gifts to the Foundation, either at the donor's death or during their lifetime, using various financial or estate planning techniques. See the Foundation's Planned Giving Policies for more details.
 - i. Examples of Planned Giving Techniques
 1. Charitable Gift Annuities
 2. Charitable Remainder Trusts
 3. Charitable Lead Trusts
 4. Testamentary bequests (through the donor's will or trust)
 5. Designation of the Foundation as a beneficiary of a life insurance policy or annuity
 6. Designation of the Foundation as a beneficiary of retirement plans, i.e., IRA, 401(k), 403(b), profit-sharing or pension plan.
- b. Classification of Planned Gift
 - i. Upon receipt, the planned gift will be classified as an Unrestricted Gift, Temporarily Restricted Gift, Pass-Through Gift or Permanently Restricted Gift based on the donor's designated terms and purposes of the planned gift.
 - ii. After classification, the planned gift will be administered according to the terms of this Gift Acceptance Policy.
 - iii. The Cost Reimbursement and Management Cost will apply to planned gifts, subject to the terms of this Gift Acceptance Policy.

16) Allocation of Significant Single or Unrestricted Gift (\$25,000 or more)

- a. After the Cost Reimbursement has been applied, the remainder of a Significant Single Unrestricted Gift shall be allocated as follows:
 - i. 50% to the Board Expendable Reserve Fund, and
 - ii. 50% to the Champions Circle Unrestricted Endowment Fund.
 - iii. Allocation of a Significant Single Unrestricted Gift may be modified by a majority vote of the Executive Committee.

17) The Foundation's Gift Acceptance Policy is summarized, in general, in the table below.

As of 2/4/2021	Unrestricted	Temporarily Restricted	Permanently Restricted	Pass-Through
Cost Reimbursement on General Contributions	n/a	6%	6%	6%
Cost Reimbursement on Priority Projects	As determined by the Board	As determined by the Board	As determined by the Board	As determined by the Board
Payment of grants	As determined by the Board	Annually	Annually	As needed
Scholarship payout		\$1,000 minimum	\$1,000 minimum	\$1,000 minimum
Amount of grant	As determined by the Board	%age, fixed amount, or annual payout rate	Annual payout rate	As needed not to exceed fund balance
Investment	Generally checking, Money Market or CDs, or as determined by the Board	Portfolio	Portfolio	Checking, Money Market or CDs other low risk/insured securities as determined by the Board.
*Minimum guideline to establish a fund	n/a	\$10,000	\$27,500	\$1,000
Cost Reimbursement	n/a	Yes	Yes	Yes
Earnings	Retained by fund	Retained by fund	Retained by fund	To Unrestricted Fund
Management Cost	Not Applicable	2% annually	2% annually	None
Purpose no longer exists or fund too small	Not Applicable	Transfer to another Fund or Unrestricted	Transfer to another Permanently Restricted	Transfer to another Fund or Unrestricted
Significant Single Unrestricted Gift	Appropriate fee given to operating prior to being designated by board	50% to Board Expendable Reserve Fund	50% to Champion's Circle Unrestricted Endowment Fund	

**plus cost reimbursement fees*

18) Acknowledgement and Stewardship of Gifts

- a. The Foundation Board and Staff play a critical role in stewardship of and accountability to donors. The Foundation endorses the Association of Fundraising Professionals Donor Bill of Rights and adheres to its principals of donor stewardship, transparency and accountability. To that end, donors can expect:
 - i. To have their gifts acknowledged in writing or with a personal call/email within one week (5 business days) of receipt.
 - ii. To have their gifts used for the purposes for which they were given.
 - iii. To find our current mission, Board listing, and reviewed financial statements available on the Foundation's website.
 - iv. To be informed about how the Foundation used their gift to benefit teaching and learning.
 - v. To have respectful, confidential, professional interactions with Foundation Board and Staff.
 - vi. To remain anonymous if they so choose.
 - vii. To be removed from mailing lists if they so request.
 - viii. To not have their contact information shared with another organization.
- b. Stewardship
 - i. The Foundation Staff will review gifts as they are received and assign stewardship activities according to the donor's gift size, frequency in giving, longevity as a donor, and potential for a future planned gift.
 1. Donors will be engaged several times during the year after their gift.
 2. Annual donors will be encouraged to consider a second gift each year and repeat their giving yearly.
 - ii. Staff and Board will participate in stewardship activities which may include personal phone calls, handwritten notes, thank you visits, private tours and other special touches.
- c. Board and Staff members will be trained in the National School Foundation Association Guiding Principles and Best Practices of education foundations and will actively participate in the ethical solicitation and acknowledgement of charitable gifts.