

## **Lake Michigan College Foundation Gift Acceptance Policy**

### **I. LMC Foundation Purpose**

The purpose of the Lake Michigan College Foundation (hereafter referred to as the Foundation) is to foster the educational opportunities for the residents of the Lake Michigan College district through the making of grants to Lake Michigan College for the establishment of student grants and loan funds and through the making of direct grants or loans to Lake Michigan College programs, departments, or individuals for organizational, instructional, and professional development.

The purpose of this document is to establish policies and guidelines that will provide for the solicitation and receipt of gifts by the LMC Foundation.

### **II. Policy Statement**

#### **A. General**

Lake Michigan College and the Foundation strongly encourage the solicitation and acceptance of gifts that will fulfill the College's mission of providing its students and the community with exceptional academic experiences and other creative activities that advance fundamental knowledge, and disseminating knowledge to the people of our community. For an institution dedicated to higher education, private gifts are essential.

Gifts may be sought from individuals, corporations, foundations and other organizations for purposes, positions, and programs which advance the Lake Michigan College mission. Gifts to the College should be made through the Foundation.

All gifts to the Foundation are received through the Office of Institutional Advancement and are accepted subject to approval by the Foundation Board of Directors. The Foundation only accepts irrevocable gifts. The gifts are managed by the Foundation Board and/or Foundation administrative staff.

The Foundation has complete discretion of all gifts. Gifts may be transferred at any time from the Foundation to the College.

B. Acceptance Policy

Gifts the Foundation receives on behalf of the College must not inhibit the Foundation or College from seeking gifts from other donors. Acceptance of all gifts is in the absolute discretion of the Foundation. All gifts will be processed according to Foundation practices in a timely manner. In the rare instance that a donor insists on giving the gift directly to the College, the College shall refer back to the Foundation's gift acceptance policy.

The Foundation and College value, and will protect, the integrity and independence of both organizations as well as the academic freedom of the College community. Gifts that may expose the Foundation or College to adverse publicity, require expenditures beyond their resources, or involve them in unexpected responsibilities because of their source, condition, or purpose, may be rejected by the Foundation.

The Foundation will not accept gifts that involve unlawful discrimination prohibited by federal, state and local laws and regulations. Nor will the Foundation accept gifts that obligate it or the College to violate the Foundation's Articles of Incorporation, Bylaws, or the College's policies and practices.

Gifts are reported to the College Board of Trustees at its regularly scheduled meetings. Gifts are also reported to the Lake Michigan College Foundation Board of Directors on a quarterly basis. Donor names and gift amounts may be published in meeting materials.

All gifts shall be acknowledged with an appropriate receipt and/or letter.

C. Restricted Gifts

Gifts to the Foundation on behalf of the College will be accepted for unrestricted use or for any special funds and programs that have been established. The Foundation may also accept a gift designated for a specific purpose for which no special fund has been established as long as it is within the scope of the College's mission.

The contributor may designate the use of the gift for any existing accounts or for unrestricted purposes. New accounts may be created, with consultation of Foundation staff, provided minimum gift values are met.

Funds that fall below a minimum balance as determined by the Foundation from time to time and/or have no donor activity for two consecutive years may be inactivated and the balance transferred into the Foundation's Unrestricted Fund.

Restricted scholarship funds that fall below a minimum balance as determined by the Foundation from time to time and/or have no donor activity for two consecutive years may be inactivated and the balance transferred into the Foundation's general scholarship fund.

### **III. Types of Assets Gifted**

All donors are encouraged to seek independent professional counsel prior to making a gift to the Foundation.

Following are the most common forms of assets received as gifts:

#### **A. Cash/Credit Card**

Gifts in the form of cash, money orders, checks, and credit cards shall be accepted regardless of amount.

Checks should be made payable to the LMC Foundation and mailed or delivered to:

Lake Michigan College Foundation  
2755 E Napier Avenue  
Benton Harbor MI 49022-1899

For gifts made to the Foundation via check/money order, the date on the receipt is the gift processing date and does not necessarily represent the date the gift was made or received.

#### **B. Publicly Traded Securities**

##### **1. General Policy**

The Foundation does not directly manage portfolios. Therefore, gifts of stocks, bonds and mutual funds generally are received and immediately liquidated.

##### **2. Exceptions to Policy**

In certain instances, it may be prudent to deviate from the general policy. The Foundation Treasurer may choose to make exceptions, if immediate liquidation is not feasible or if it would greatly diminish the value of the gift.

Examples of acceptable deviations include:

- a. Liquidation of a small number of shares, due to minimum brokerage fees
- b. Certain types of restricted stock

C. Closely-Held Business Interests

Non-publicly traded securities may only be accepted after approval of the Secretary of the Lake Michigan College Foundation.

Securities of closely held corporations with a gift value of greater than \$10,000 shall be recorded at the value placed on the gift by a qualified independent appraiser. The donor is responsible for obtaining the appraisal.

Such securities will be sold at an appropriate time, as determined by the Foundation Treasurer.

No commitments shall be made for disposition of such securities prior to completion of the gift.

D. Donor Advised Funds

A donor advised fund (DAF) is a giving vehicle offered by a number of investment and mutual fund companies, community foundations and other organizations. It is established by an individual(s). The individual can make recommendations that a DAF make a specific contribution(s) to a specific qualified charity.

Guidelines for Gifts Received from a DAF:

- A gift from a DAF is recorded as a hard credit to the DAF and a tax receipt/thank you letter is sent to the DAF.
- The recommending donor receives soft credit and a personal thank you letter for making the gift possible.
- Gifts from DAFs cannot be applied as payment on an individual donor pledge, in accordance with IRS policy.
- DAFs cannot pay for event tickets, raffles, or be used to purchase items as part of a charitable event.
- The recommending individual cannot receive benefits as a result of a gift by a DAF.
- An individual cannot make a legally binding commitment on behalf of a DAF.

E. Life Insurance

The Foundation encourages donors to name the Foundation as owner of life insurance policies and/or beneficiary to all or a portion of the benefits.

F. Real Estate

The Foundation will give favorable consideration to accepting unencumbered residential, commercial and farm real estate which it believes to be highly marketable and which has a completed owner's disclosure statement. Prior to acceptance of any real property, the Foundation requires an environmental assessment of the proposed gift (see Real Estate Policy and Procedures). The Foundation will be particularly cautious in accepting any property that appears, from a site visit, to present special environmental hazards. If such hazard is or may be apparent, the Foundation will require an environmental audit. Extra caution shall be given to real estate encumbered by a mortgage. *Real estate gifts may only be accepted by the action of the Lake Michigan College Foundation Board of Directors in accordance with a separate policy on "Accepting Real Estate".*

G. Tangible Personal Property

Tangible personal property includes artwork, collections, books, and furniture. When a donor contributes tangible personal property to the Foundation, the donor relinquishes all rights to the property.

The donor should recognize that a donation of related use tangible personal property may have different income tax consequences than a donation of unrelated use property. The decision whether the College uses the tangible personal property to further its mission and purpose shall be in the absolute discretion of the Foundation / College.

On behalf of Lake Michigan College, the Foundation reserves the right to accept or refuse any offer of tangible personal property.

Normally, the Foundation will not accept gifts that require extensive renovation or repair, special facilities, daily or hands-on maintenance, special security arrangements, or cannot be used to advance the educational, cultural or serve the mission of the College.

No tangible personal property shall be accepted with an obligation to retain ownership of it in perpetuity.

The Foundation does not accept gifts of classroom textbooks unless personal ownership, special significance, and/or historical value of the books can be documented.

The Foundation does not accept gifts of computer equipment or software unless such equipment or software reflects the current technology in use at the College, or has special historical or intrinsic value.

1. Criteria for Acceptance (Gifts of \$5,000 or more)

Except as provided in Section 2 below regarding Gifts-in-Kind, a Gift Acceptance Committee (GAC), comprised of the Vice President of Advancement, Vice President of Financial Services, and person(s) designated by the College president, will consider gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, and equipment and computer hardware, only after a thorough review indicates that the property is:

- a. Readily marketable; or
- b. Needed by the College for use in a manner which is related to the College's mission.

A written summary of the gift proposal shall be prepared and submitted by the individual responsible for use of gift, to the GAC through the Office of Advancement. The summary shall include:

- Description of Gift
- Purpose of Gift
- Estimate or appraisal of the gift's fair market value
- Potential College use of Gift
- What, if any, financial obligations to the College
- Any special arrangements requested by the Donor concerning disposition (price considerations, time duration prior to disposition, potential buyers, etc.)

Recommendation for acceptance/rejection of gift will be made by the committee and forwarded to the College president's office. The Vice President of Advancement shall inform donor of the final decision.

It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal by a certified or qualified appraiser, required by the IRS in the case of gifts of personal property valued in excess of \$5,000.

The donor is responsible for all costs associated with the delivery of the gift.

The donor is also responsible for the completion of IRS Form 8283 and any additional forms required by the IRS. If the gift-in-kind is sold or disposed of for any reason within three years of the date of gift, the LMC Foundation will complete and submit IRS Form 8282 and any additional forms required by the IRS.

The Gift Acceptance Committee will meet on an as needed basis.

2. Gift-In-Kind Guidelines (Gifts-in-Kind less than \$5,000)

The Office of Advancement has the authority to accept certain types of gifts-in-kind valued at less than \$5,000. These gifts-in-kind include, but are not limited to, books, instruments, supplies and equipment, and items for auction (no firearms or furs). Such gifts may be sent directly to the Office of Advancement for processing. The Vice President of Advancement is authorized to exercise his/her discretion in deciding whether or not certain gifts valued under \$5,000 ought to be brought to the attention of the GAC.

**H. Intangible Personal property and Intellectual Property.**

The Foundation may accept gifts of patents, trademarks, copyrights and royalty streams or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. Gifts of this nature will be reviewed and recommendations made by the Gift Acceptance Committee.

**IV. Deferred Gifts**

A. Bequests

Gifts through Wills (bequests) are actively encouraged. The Foundation encourages the language of Wills be reviewed by the Foundation to assure the conditions may be met. Gifts from estates of deceased donors consisting of property not in accordance with outright gifts as described above shall be negotiated with the personal representatives as to distribution.

## B. Charitable Trusts

The LMC Foundation has designated the Berrien Community Foundation and the Gateway Foundation as the fiscal agents for charitable remainder trusts and charitable lead trusts created for the purpose of supporting the LMC Foundation.

The LMC Foundation staff and prospective donors will work jointly with either the Berrien Community Foundation or Gateway staffs to develop appropriate reporting and management arrangements.

## V. **Special Recognition**

### A. Endowment Funds

Establishment of an endowment in the LMC Foundation, to be held and invested, requires that a minimum donation value be met. The Foundation board shall, from time to time, evaluate minimum values to establish endowments. The endowment can be established with a one-time gift or a pledge to be paid over a period not to exceed five years.

If an endowed fund has not reached the minimum amount required within five years, the funds in the account, along with its earnings will revert to a restricted fund and be expended according to the donor's wishes, as can best be determined.

Endowments are managed by the Foundation according to the following:

1. The corpus, or principal, of endowment accounts is maintained in perpetuity and is not expended without the permission of the donor or his/her estate.
2. The LMC Foundation will maintain a spending policy to authorize expenditures of the endowment. This policy is reviewed on a periodic basis and may be adjusted as necessary.
3. Distributions of newly established endowments begin a minimum of one year from the date the required minimum value is met. The LMC Foundation reserves the right to withhold distribution of funds if economic conditions warrant.
4. Endowment funds are invested according to the Foundation Investment policy, utilizing professional investment managers. The Foundation Investment Committee monitors the performance of the investment.
5. The Spending rate to be applied to endowment funds shall be determined by Foundation Board and may be adjusted from time to time as recommended by the Foundation Investment Committee. This spending



rate shall be within IRS guidelines, if any. In general, the Foundation's spending policy states that it will establish its spending rate as a percentage of a 3-year rolling market average of the endowment

The donor may choose to set-up one of three types of endowment funds:

**True Endowment** - The donor makes a gift, and specifies that it be invested in perpetuity. Expenditures from the fund shall be consistent with Foundation spending policies which may be modified from time to time to reflect market conditions or funding requirements.

**Term Endowment** - Same as a true endowment, but the donor states that after a specified amount of time passes (or upon a certain date), the Foundation may choose to spend all or a portion of the corpus.

**Quasi Endowment** - The Foundation may choose, from time to time, to expend the corpus of the endowment.

When establishing an endowed fund, Foundation staff will work directly with the donor to establish criteria that assure the endowment meets the mission of the Foundation and College.

Because conditions change over time, all endowments will be subject to the following provisions:

If circumstances should arise in the future that make it illegal, impossible or impracticable to use the gift for the purpose specified, then the party who originally established the account may designate another use of the funds. If the party who originally established the account no longer exists or cannot be located after a diligent search, then the Secretary of the Foundation may submit a request for modification of this purpose to the LMC Foundation Board of Directors. If, in the best judgment of the Directors, such modification is deemed prudent, they may authorize the use of the fund for the fulfillment of objectives as near as practical to the primary purpose of the fund. In the event of such modification, the name of the donor will continue to be associated with the fund.

## **VI. IRS Tax Guidelines**

The Lake Michigan College Foundation shall adhere to all IRS guidelines governing cash and in-kind valuations, receipting and reporting standards. Neither the Foundation board nor staff shall provide tax consulting services. Donors are encouraged to consult with appropriate tax counsel about a donation's tax-deductible value as necessary.

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