



# **Gift & Grants Acceptance Procedures**

## **7.7.1**

### **Part 1. Types of Gifts to the Foundation or the College**

1. Cash
  - a. Shall accept all gifts of cash or check.
  - b. Shall accept credit card gifts of at least \$25.00.
  - c. Checks to the Foundation shall be made payable to Lake Superior College Foundation, Inc. Checks to the College shall be made payable to Lake Superior College. In no event shall a check be made payable to an individual who represents either entity.
  
2. Publicly Traded Securities
  - a. Can accept readily marketable securities, such as those traded on a stock exchange. Gifts of securities are likely to be sold immediately.
  - b. For gift crediting and accounting purposes, the value of the securities is the average of the high and low on the date of the gift, in accordance with IRS regulations.
  
3. Closely Held Securities
  - a. Gifts of closely held corporate stock would be carried on the books at \$1 in the absence of financial information that would enable determination of book value.
  - b. Such securities will be carried at book value until audited financial statements are provided so that book value can be substantiated, or the donor provides a qualified appraisal in compliance with IRS regulations.
  - c. An appraisal of securities may be conducted, under appropriate direction, to determine both value and potential for sale.
  - d. Gifts of securities that require a holding period will be accepted and sold when the holding period has expired.
  - e. Gifts of securities that will not be accepted include: securities that are assessable or in any way could create a liability; securities that, by their nature, may not be assigned (such as "S" corporation stock); securities that on investigation have no apparent value.

4. Life Insurance
  - a. Will accept gifts of life insurance policies.
  - b. If the policy is paid in full, the value of the gift for gift crediting and accounting purposes is the policy's replacement costs.
  - c. If the policy is partially paid, the value of the gift for gift crediting and accounting purposes is the policy's cash surrender value.
  
5. Tangible Personal Property
  - a. Gifts of tangible personal property should have a use related to the exempt purpose.
  - b. Gifts of jewelry, artwork, collections, equipment, and software shall be accepted with approval by the President or the Foundation Board. Other matters that will be taken into consideration before deciding on acceptable gifts of personal property include: transportation cost; storage cost; cost of selling; cost of maintenance and repairs; location of property; cost of insurance.
  - c. Such gifts of tangible personal property defined above shall be used by or sold for the benefit of the Foundation or the College.
  - d. Depending upon the anticipated value of the gift, the Foundation or the College shall have a qualified outside appraiser value the gift before accepting it.
  - e. The Foundation and the College adhere to all IRS requirements for disposing of gifts of tangible personal property and filing appropriate forms.
  
6. Planned Gifts and Memorials
  - a. Shall encourage assets transferred through bequests that have immediate value, or that can be liquidated. Gifts that appear to require more cost than benefit shall be discouraged or rejected.
  - b. May accept and administer bequests and memorials designated for specific purposes.

## **Part 2. Gifts to the Foundation**

### Real Estate

- a. The Gifts Review Committee will review gifts of real estate. The donor is responsible for obtaining an appraisal of the property, unless otherwise determined by the Foundation.
- b. A member of the Gifts Review Committee must conduct a visual inspection of the property. If the property is located in a geographically distant area, a local real estate broker may substitute for a member of the Committee in conducting the visual inspection. The Foundation may also require the donor to provide an environmental site assessment including Title V status for possible contamination, (e.g., leaking underground storage tanks) or other restrictions (e.g., wetlands).
- c. Due to the expenses associated with gifts of real estate, only gifts valued in excess of \$10,000 or other property deemed of special value as determined by

- the Foundation Board, will be accepted.
- d. Prior to presentation to the Foundation Board, the donor must provide the following documents: real estate deed; real estate tax bill; plot plan; substantiation of zoning status; environmental site assessment.
  - e. If the donor is giving a life estate gift, the donor may be asked to pay for all or a portion of the following: maintenance cost; real estate taxes; insurance; real estate broker's commission and other costs of sale; appraisal costs.
  - f. If the real estate is an outright gift, the Foundation will pay for these costs.
  - g. For the Foundation's gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate, excluding any costs to the Foundation for insurance, real estate taxes, broker's commission, or other expenses of the sale.
  - h. Properties with mortgages will be considered on a case-by-case basis. Consideration may include an independent appraisal and the mortgage percentage of property value. Mortgaged property is not acceptable for charitable remainder trusts.

**Part 3. Administrative Issues**

- a. Neither the College nor the Foundation and its staff shall act as an executor (personal representative) for a donor's estate.
- b. The Foundation may act as co-trustee of a charitable trust when the trust names the Foundation and/or the College as a beneficiary of 50% or more of the trust.
- c. The Foundation will consider paying for the drafting of legal documents for a charitable remainder trust of which the Foundation is named as a beneficiary of 100% of the trust. The donor's own counsel must review the documents at the donor's cost.
- d. Terms and conditions must be agreed upon before an endowment is established; therefore, contact with the Foundation's Executive Director for appropriate documentation is required.
- e. For restricted and endowed funds, if future circumstances change, or the donor fails to fulfill his pledge obligation, or the purpose for which the fund is established becomes illegal, impractical, or no longer meets the needs of the College, the Foundation may designate an alternative use in the spirit of the donor's original intent for the gift to further the objectives of the College.

Date Proposed:                      October 2006  
Date of Implementation:        November 2006

---

Signature of College President

Date