



Gift Acceptance Policy

Southeastern Minnesota Synod, ELCA
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GIFT ACCEPTANCE POLICY

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THE SOUTHEASTERN MINNESOTA SYNOD

GIFT ACCEPTANCE POLICY

Statement of Purpose:

The SE Minnesota Synod as part of the Evangelical Lutheran Church in America seeks to raise up leaders for the church, strengthen congregations, and provide for ministry both locally and through global mission partners. In fulfilling its mission the SE Minnesota Synod is committed to building long lasting, mutually beneficial relationships with all of its constituencies.

The SE Minnesota Synod depends on philanthropic/charitable contributions. This interactive process carries with it multiple responsibilities -- to the SE Minnesota Synod's donors, its staff, and the state of Minnesota -- to ensure to the extent possible that all gifts from private external sources are appropriate to the SE Minnesota Synod's mission and are ethical and legal.

To that end, the Synod Council announces this written policy reflecting the SE Minnesota Synod's approach to cultivating, soliciting, accepting, and providing proper stewardship of all gifts. The SE Minnesota Synod seeks to uphold donors' rights and to protect itself in accepting gifts that do not place improper restrictions or conditions on the SE Minnesota Synod now or in the future.

The SE Minnesota Synod adheres to relevant federal law, the Internal Revenue Code, and Minnesota statutes relating to charitable organizations and not-for-profit corporations.

In addition, the SE Minnesota Synod recognizes the codes of ethics approved by the Association of Fundraising Professionals (AFP), the Association of Lutheran Development Executives (ALDE) and the National Planned Giving Council (NPGC), and adheres to the Donor Bill of Rights (See Appendices for complete texts).

NOTE: It is recommended that the foregoing paragraph about the codes of ethics appear on all printed materials sent to donors/prospects whenever possible.

SECTION I: Gifts to the SE Minnesota Synod

For the purpose of the policies contained in this section the term "gifts" refers to outright contributions from private sources for which no goods or services are expected, implied, or are forthcoming for the donor and in which no interests are to be retained by the donor. These gifts may be monetary or nonmonetary; restricted or unrestricted; for current expenditure or endowment.

A. Types of gifts:

1.1 The SE Minnesota Synod will accept gifts of cash, securities, real or personal property. The gifts may be given in trust, through insurance policies, gift annuities or other financial devices, in accordance with the SE Minnesota Synod's charter/by-laws, as well as state and federal law.

Gifts-in-kind are also acceptable and are to be used in the form in which they are given -- e.g.: art objects, books, services, and equipment.

Royalties, trademark rights and insurance policies naming the SE Minnesota Synod as owner or beneficiary also will be accepted.

Grants from private, non-governmental sources that are made voluntarily, and without any restrictions other than the purpose for which the gift is designated are considered "gifts" to the SE Minnesota Synod.

1.2 The SE Minnesota Synod prefers unrestricted gifts. However, when gifts are restricted, the restriction must harmonize with the overall mission, goals and objectives of the SE Minnesota Synod. The uses designated by a donor must otherwise be carefully observed and followed.

B. Types of accounts to which gifts will be allocated:

1.3 Gifts can be unrestricted, temporarily restricted or permanently restricted (generally for endowment).

Unrestricted gifts -- Gifts, grants or commitments, including bequests, without any restriction. All monetary gifts that come without instruction from the donor will be considered unrestricted gifts to the SE Minnesota Synod to be used in the areas of current need. The Synod Council has the authority to place gifts without specific designations into the endowment.

Temporarily Restricted gifts -- The SE Minnesota Synod reserves the right to refuse or ask for altering of any temporarily restricted funds when the restriction is too narrow or the cost to comply with the restriction would outweigh the benefits. Every effort will be made to use restricted gifts as designated by the donor and as prescribed by Minnesota state statutes. In the event that any changes

in restricted use of a gift become necessary (i.e.: program no longer exists for which a gift was originally given), the SE Minnesota Synod in collaboration with the department, fund etc. involved with the original gift will inform the donor and obtain the donor's approval for the change (or the donor's family/designated representative, if the donor is deceased). If necessary, SE Minnesota Synod Council will seek to change the designation of a gift in the case of a donor who is deceased.

Note: When seeking to change a gift restriction through legal means, the SE Minnesota Synod may proceed only if reasonable effort has been made to find surviving family and that has proved unsuccessful.

Major Gifts -- All gifts above and beyond a donor's annual gift. A major gift is a commitment of \$10,000 to \$24,999 over a period of five years or less from any source. These gifts may be unrestricted or restricted to a special project or program.

Permanently Restricted Endowment gifts --- All gifts, grants or commitments, including bequests, where the gift principal is invested and only the income derived from the investment can be used for designated purposes. Minimum dollar levels necessary to create an endowed program fund, financial and memorial fund, and capital fund are:

Restricted Endowed Fund (Other) = \$25,000

1.4 Periodic review of performance of the endowment pool will be undertaken by the Bishop and Treasurer in concert with the SE Minnesota Synod Council. Minimum dollar contributions necessary to establish a donor's intent may be modified accordingly.

1.5 The SE Minnesota Synod will work with prospective donors on the terms and conditions of other restricted or unrestricted endowment funds, provided they support traditional SE Minnesota Synod activities or functions and are large enough to yield a meaningful annual income.

C. Authorization to accept gifts:

1.6 In order to safeguard both the donor and the SE Minnesota Synod, it is important that a protocol be established that designates the most appropriate person to officially accept a gift on behalf of the SE Minnesota Synod. These safeguards are crucial for gifts that represent significant appreciated property or real estate, those gifts that will be distributed over a long period of time or may involve unusual conditions or SE Minnesota Synod resources to oversee the gift in the future. This does not preclude anyone from "opening the door" to a gift, or being involved with the preliminary negotiations and in most cases closing a gift. In all cases of major gift solicitations, the SE Minnesota Synod Bishop should be

informed early in the process about the possibility of a gift and candid discussions must occur regarding any unusual conditions or restrictions. For the type of gifts identified above, the following hierarchy is recommended:

Gift of \$100,000 and up -- The Executive Committee. The committee would evaluate unusual gift situations and gifts over this amount and recommend or decline acceptance.

The Executive Committee is a standing committee of the SE Minnesota Synod's Board. Core members would include the Bishop, Vice President and Treasurer. SE Minnesota Synod Council would serve as a consultant to the Committee as appropriate. The Fund Development Officer/volunteer solicitor responsible for the solicitation and the head of the department, fund for which a particular gift is intended would assist the Committee in its review of the potential gift on an ad hoc basis. Once the Gift Committee's recommendation is acted on by the President, then gifts of \$100,000+ may be accepted/rejected by those originally soliciting the gift.

Gifts below \$100,000 that are simple in nature, with no unusual conditions or long term impact on future SE Minnesota Synod operations. The **Bishop and Senior Staff/Volunteer Solicitors/or Directors** shall officially accept such gifts only after the gift(s) has/have been discussed or through formal communication with the SE Minnesota Synod Vice President.

D. Identification of Unacceptable Gifts:

1.7 The SE Minnesota Synod adheres to local, state and federal law as well as to its charter and governing documents with respect to charitable contributions. It will use its discretion to refuse gifts that are too restrictive in purpose or which do not adhere to the SE Minnesota Synod's purposes and program priorities; that affect the SE Minnesota Synod's right to accept other gifts or grants; that would place a burden upon the SE Minnesota Synod staff and financial resources; that would create adverse publicity for the SE Minnesota Synod.

1.8 Unacceptable Gifts:

*Gifts that violate federal, state and local anti-discrimination laws applicable to private institutions.

*Gifts that contain unacceptable restrictions as to relatives or descendants as beneficiaries, or that attempt to retain some measure of control over the gift in the future.

*Gifts that contain restrictions reserving the designation of the beneficiary of the gift to the donor, to the donor's family or to the donor's choice of recipient. (e.g. assistance that is set up for family members only or restricted to a specific individual.)

*Gifts that contain unreasonable conditions of partial interest in property.

*Gifts that contain conditions requiring the SE Minnesota Synod to employ someone at a future time.

*Gifts that establish an endowed fund below the minimum amount set by the Synod Council for which additional sums are not certified[?] in writing.

*Gifts made through a revocable deferred gift vehicle that permanently commits the SE Minnesota Synod to the naming of a fund, program, or facility.

*Gifts that permit personal benefits to a SE Minnesota Synod employee.

*Gifts-in-kind that cannot be utilized by the SE Minnesota Synod in its operations and/or has an annual operating requirement that is not acceptable to the SE Minnesota Synod.

1.9 Pass Through gifts

*From time to time the SE Minnesota Synod may receive gifts for another not-for-profit. In all cases the Board of Directors and or CEO of that corporation will be consulted before the gift is accepted.

SECTION II: Specific guidelines to be followed during the cultivation, solicitation and stewardship of a gift:

A. Cultivation -- Cultivation of gifts involves research, the building of relationships with prospective donors through invitations to events, personal meetings, involvement on boards, committees etc., all leading to the proper motivation of a prospect at the right time to make a contribution to an area of mutual interest at the SE Minnesota Synod. To provide a positive end result for the SE Minnesota Synod, the following guidelines apply:

2.1 When cultivating prospects for major gifts, the primary manager of a prospect must be consulted before another staff member or a volunteer may formally approach the prospect, whenever possible.

2.2 **When** cultivating a prospect for a gift, the donor's age and competence must be considered to avoid the charge of "undue influence."

2.3 **Information** requested on a prospect or donor by any staff member or volunteer must be kept confidential, to be used only by those staff members and volunteers authorized to see it.

B. Solicitation --- The standard philosophy of asking the right person for the right gift at the right time for the right project demands that all the behind the scenes activities in a fund development operation be working smoothly -- lines of communication are open and working, prospect research has been thoroughly completed, the proposal has been well-thought out, the interest of the donor has been engaged, the right person is making the ask, the ask is not in conflict with any prior established policies and that the ask has the approval of the appropriate SE Minnesota Synod authorities. Identifying areas that could pose problems, or policies that should be standard across the SE Minnesota Synod, regardless of what department or who is doing the asking, protects the SE Minnesota Synod and protects the donor.

3.1 In soliciting funds, no staff member or representative of the SE Minnesota Synod is authorized to commit the SE Minnesota Synod to an agreement which is contrary to the SE Minnesota Synod's mission and already established policies and procedures, or which compromises the ability of the SE Minnesota Synod and personnel from carrying out their assigned responsibilities.

3.2 In advance of solicitation, program, financial and other appropriate administrators of the SE Minnesota Synod must approve plans for programs, projects or activities for which a major gift solicitation will be made. Such approval should be obtained in writing to avoid misunderstandings about what has actually been agreed upon.

3.3 There must be an established **minimum gift amount** that must be contributed to accomplish the donor's intent, particularly for endowed funds approved by the SE Minnesota Synod Council (See 1.3 above). However, the minimum gift

amount should not be so "fixed in stone" that it cannot respond to economic fluctuations, or the SE Minnesota Synod's own internal financial condition. Within a campaign setting, minimum gift amounts should be established that are realistic, appropriate to the financial goal set for the campaign and would ensure its success.

3.4 Persons soliciting gifts should make no promises and commitment or authorize commemorative recognition that is inconsistent with these Gift Acceptance Policies and Procedures.

3.5 There are no minimum dollar limitations on the acceptance of any gifts for unrestricted purposes.

3.6 Gifts of tangible property, such as works of art, antiques, furniture, equipment and the like are to be assessed by the appropriate SE Minnesota Synod Officers in concert with the Bishop, other SE Minnesota Synod leaders in order to determine the SE Minnesota Synod's ability to provide appropriate care of the property and to ensure that ownership of the property will not impose unreasonable conditions or limitations upon the SE Minnesota Synod.

- a. Whenever acceptance of such gifts would commit the SE Minnesota Synod to extraordinary obligations, acceptance must be approved first by the Executive Committee and/or the Bishop of the SE Minnesota Synod and be presented to the full Synod Council for approval/rejection.
- b. All agreements related to gifts of tangible property should be reviewed by SE Minnesota Synod Council, not only to ensure their legality, but, also to determine that no conditions are included that will violate the donor's charitable intent, will unreasonably encumber the SE Minnesota Synod's future actions regarding the gift, or will imply, either directly or indirectly, revocability back to the donor.
- c. The SE Minnesota Synod will not accept responsibility for establishing the value of non-cash gifts other than listed securities. It is the donor's responsibility to obtain an appropriate valuation of such gifts in accordance with applicable IRS guidelines, if the donor intends to claim the gift for tax purposes. The SE Minnesota Synod, at its discretion, may provide guidance and direction to the donor in obtaining an appraisal by an outside person or agency. No member of the SE Minnesota Synod administrative and/or program community may be utilized to conduct appraisals.

3.7 Examples of acceptable non-cash gifts (tangible personal property) are paintings, works of art, furniture or collections in addition to equipment, books, and software. The

SE Minnesota Synod will also record and recognize (for accounting purposes) gifts-in-kind of services. Doing so does not assure that a tax deduction is available to the donor of such services. Any gift-in-kind that does not have a value assigned by the donor or by qualified appraisal will be listed on the SE Minnesota Synod's books for accounting purposes with \$1 as the declared value.

3.8 During the process of setting up or reviewing the terms of a proposed gift, the Bishop may suggest changes that will help the SE Minnesota Synod comply with the donor's wishes. However, the representative will not offer tax or legal advice. The donor always will be advised to seek out the expertise of their own attorneys or tax and estate planning advisors.

3.9 Procedures for accepting outright and planned gifts. In order to avoid misunderstandings and inaccurate data entry, and to provide continuity in the face of personnel changes, all current written methods for accepting outright and planned gifts, as well as any revisions to those practices should become a permanent part of these guidelines.

a. Gifts of securities – With respect to the transfer of ownership to the SE Minnesota Synod,

1. The proper registration of all stock gifts is **The SE Minnesota Synod**, regardless of restrictions on use of the gift. The SE Minnesota Synod's taxpayer I.D.# is 36-3514310.
2. A gift of securities has been made to the SE Minnesota Synod only when the securities pass unconditionally from the donor's control. Usually that is the date the donor puts them in the mail, delivers them personally to the SE Minnesota Synod, or instructs a broker to act as agent for the SE Minnesota Synod.
3. To verify the intentions of the donor, a letter should be addressed to **The SE Minnesota Synod** stating that the donor is giving XX shares of XX stock to the SE Minnesota Synod and for what purpose. This letter of intent must include a signature guaranty, which can usually be obtained through a donor's local bank. The signature guaranty is required by each of the brokers that handle the SE Minnesota Synod's accounts.
4. Since securities are often placed for safekeeping and convenience in agency accounts maintained by financial institutions, a transfer may be made immediately to the SE Minnesota Synod through the DTC system. Donors who wish to give securities should contact either the Bishop (or Chief Financial Officer--if that position exists at the time of the adoption of these guidelines) at 507-280-9457 to

arrange the transfer. Guideline "3.6c" above applies in this case as well.

5. Every effort should be made to avoid accepting a donor's suggestion as to a stock's value. Generally, The SE Minnesota Synod will value securities in the following ways:
 - a) regularly traded--the average of the high and low market value of the stock {or the mean market value} on the date of the gift; b) over-the-counter stock--the bid price of the stock on the date of the gift; c) restricted stock--a nominal value of \$1.00 and d) bonds--a value to be determined by the Comptroller of the SE Minnesota Synod, considering interest rate, time to maturity and face (par) value.
6. Donors should always be advised to consult their financial advisors for specific information regarding the tax consequences of any gift.
7. Before the SE Minnesota Synod accepts donations of stock in closely-held corporations, the gift should be reviewed by SE Minnesota Synod Council, the staff person or volunteer responsible for the solicitation, the Bishop, and the Synod Council Vice President and an investment counselor. This procedure is recommended because these stocks are not traded on stock exchanges and are difficult to value. They may often be subject to shareholder or other agreements, which may limit the SE Minnesota Synod's ability to convert them into cash.

b. Gifts of art:

1. All gifts of art or other appreciated property must be made with a written statement or contract from the donor indicating his/her specific purpose in making the gift. The date of gift, according to IRS rules, is the date the art or other appreciated property is physically transferred to the SE Minnesota Synod and officially accepted by it. This must be stated clearly to the donor prior to acceptance of the gift.

n.b. The SE Minnesota Synod will not take possession of any collection or piece of art that is not clearly designated in writing as either a "short/long term loan" or an "irrevocable gift."

2. A written "deed of gift" will be prepared by the SE Minnesota Synod that identifies the artwork in detail, the date and purpose of the gift, and the value assigned to it by qualified appraisal (for art

of a presumed value in excess of \$5,000). The deed must be signed by the donor and authorized personnel at the SE Minnesota Synod, with a copy going to the donor and the original retained in SE Minnesota Synod records in a central location.

3. Donors shall be informed prior to acceptance of gifts of art that the SE Minnesota Synod reserves the right to dispose of such gifts in the future if it deems such action financially advisable or necessary.

c. Gifts of tangible personal property (See Section 1, Item 3.7) that do not place an overwhelming burden of ownership on the SE Minnesota Synod are acceptable unless the understanding, or expectation by the donor, or condition of acceptance is that the items will be loaned back to the donor, or a person designated by the donor for periods of time to be determined by the donor. Restrictions on the ultimate sale of such gifts, including gifts of art are not acceptable to the SE Minnesota Synod. However, the purpose for which the funds may be used resulting from such a sale may be restricted according to the donor's wishes.

1. Donors shall be informed prior to acceptance of gifts of tangible personal property that the SE Minnesota Synod reserves the right to dispose of personal property gifts in the future if it deems such action financially advisable or necessary.
2. The staff person responsible for soliciting the gift shall inform a prospective donor that the SE Minnesota Synod will require an independent appraisal at the donors expense and will be guided by that appraisal in crediting the gift.

d. Gifts of real estate can be accepted only after a thorough analysis and opinion prepared by the original solicitor (if a development professional), or by, and in concert with, the Bishop that notes the terms, conditions, restrictions, uses, and financial considerations (including mortgage obligations). Every effort must be made to secure an environmental impact study and to determine whether the question of mineral rights applies to the transfer of the real estate. The acceptance of any real estate gift must then be approved by the Executive Committee, except that the authorization to assume any debt or to incur additional debt must be approved by the SE Minnesota Synod Council.

1. The following criteria should be used to determine the suitability of a gift of real estate:
 - a. usefulness of the property for the SE Minnesota Synod's purposes
 - b. marketability of the property

- c. need for a qualified independent appraisal, which appraiser shall be selected by the SE Minnesota Synod Council and paid for by the donor
- d. evaluation for any encumbrances, associated costs
- e. assessment of property for environmental hazards or mineral rights

e. Planned gifts: A planned gift is one for which provision is made in the present through some appropriate legal contract, but which does not become complete and effective until some later date and after certain conditions identified in the contract, such as time, payout choices, etc. have been fulfilled.

The nature of planned gifts requires that the SE Minnesota Synod be committed to serving the donor's interest. Therefore, no agreement shall be made between the SE Minnesota Synod and any donor that would knowingly jeopardize that interest. The SE Minnesota Synod and its development staff or volunteer solicitors should exercise extreme caution when marketing planned gift options to prospective donors. Their role should be to inform, to guide, and to assist the donor in fulfilling their philanthropic objectives without the exertion of any undue influence.

1. In keeping with this philosophy, all development personnel employed by the SE Minnesota Synod with responsibility for soliciting or administering planned gifts may be paid a salary or hourly wage, but shall not work on a commission basis.
2. The acceptable methods of creating deferred gifts to the SE Minnesota Synod are bequests by will, charitable remainder unitrust, charitable remainder annuity trust, charitable lead trust, charitable gift annuity, gift of a remainder interest in a personal residence or farm, pooled income funds, and insurance policies where the SE Minnesota Synod is declared the sole owner and beneficiary of the policy. The exception to this will be charitable trusts and annuities that are managed by the ELCA Foundation. As a matter of operating procedures, the SE Minnesota Synod will not manage charitable trusts or annuities, but will utilize the ELCA Foundation for these activities.
3. All donors shall be encouraged to consult private attorneys prior to making a testamentary gift to the SE Minnesota Synod. The SE Minnesota Synod shall willingly work with the attorney selected. **[A statement to this effect should**

be included in all planned gift print materials to market the program.]

4. Unduly restrictive gifts may in time become burdensome or even useless. Donors should be encouraged to allow either the SE Minnesota Synod or an outside trustee to modify any terms of the bequest, consistent with the donor's intent, without seeking judicial approval unless required by law.
5. All information concerning donors or prospective donors, including their names, the names of their beneficiaries, the amounts of gifts, size of estate, etc. shall be kept strictly confidential by the SE Minnesota Synod. Information will be released publicly only with the written approval by the Bishop or his/her designee. Employees who violate this policy shall be subject to termination. Donors will be given the opportunity to remain anonymous in public listings of those who have made a gift or a gift intention to the SE Minnesota Synod.
6. In order to avoid any suggestion of "undue influence," the age and competency of the donor must be assessed prior to the solicitation and completion of a planned gift. If there is any doubt that a donor prospect is fully capable of making an informed, rational decision regarding a charitable planned gift, the SE Minnesota Synod staff or volunteer solicitor should seek the consultation of family members and financial advisors as the gift is being negotiated.

For instance: If a long time donor of the SE Minnesota Synod who has built a relationship with a development officer seems to have become chronically forgetful or must be reminded several times about what has just finished being discussed, serious doubts as to this donor's ability to understand the intricacies of a planned gift's implications might arise. Prudent, responsible behavior requires that negotiations with the donor should cease until a family member or financial advisor can join future discussions.

7. Before entering into an irrevocable planned gift agreement with a donor, efforts should be made to ascertain that the donor has sufficient financial resources to sustain him/her during his/her lifetime. The SE Minnesota Synod shall not knowingly accept any major contractual agreements that

would jeopardize the financial well being of a prospective donor.

8. All matters relating to planned gifts will ordinarily be conducted with the advice of legal counsel through the ELCA Foundation and held by the ELCA Foundation and not the SE Minnesota Synod until the gift matures.
9. The SE Minnesota Synod encourages unrestricted gifts for endowment; however, the donor may designate or restrict the gifts for a specific purpose or program.
10. General guidelines for accepting gifts on behalf of the SE Minnesota Synod stated in **Section 1C** will be followed for Planned Gifts.

f. Altering or eliminating restrictions: Should a donor make a restricted bequest to the SE Minnesota Synod that contains terms considered unacceptable after review, the executor of the estate will be contacted by the Bishop or Treasurer to explain why the terms are unacceptable and to request the restrictions be altered or eliminated.

1. The language used to establish a restricted fund should ideally include a statement that allows for modification of the agreement if, due to unforeseen circumstances, the SE Minnesota Synod is unable to use the funds according to the original purpose of the donor. In such circumstances, the use of the funds shall be for a purpose most closely allied to the original intent of the donor.
2. If in the judgment of the SE Minnesota Synod Council, in concert with the SE Minnesota Synod's administration, the purpose of a gift designated by a donor who is deceased is no longer valid, the Board may seek to establish a new use for the funds. However, a release from restrictions may not change an endowment fund to a fund that is not an endowment fund.
3. The amount of endowment fund earnings that the SE Minnesota Synod may expend is to be set periodically by the Synod Council. Current endowment spending policy at the time of the writing of these guidelines is 4% of the three year rolling average of the market value of the fund. If a donor restricts the SE Minnesota Synod from expending the appreciation for a period of time while the principal of the fund is building, these funds may not be spent. Only the donor or his/her designees may alter this restriction.

C. Stewardship -- Stewardship and donor recognition are vital and challenging components of the on-going relationship between the SE Minnesota Synod and its many constituents. It is important to define clearly the appropriate methods for donor recognition for each type of gift and program that is solicited and received by the SE Minnesota Synod i.e.: annual (both restricted and unrestricted), restricted special purpose gifts and endowment funds.

4.0 The SE Minnesota Synod will strive to acknowledge promptly and accurately all gifts regardless of amount. Our goal is to generate an acknowledgement letter within one week of receiving a gift.

4.1 Membership premiums applicable to annual support gifts will be distributed according to the established categories of giving in effect at the time of the gift. However, the value of such premiums will fall within current IRS guidelines so that a donor's contribution may qualify for a full charitable deduction.

4.2 Beyond the immediate written and/or telephone acknowledgement of gifts, the Bishop and or the appropriate staff person may decide on other ways to recognize gifts.

- a. The following special gift circumstances require special considerations:
 1. Ticket sales -- SE Minnesota Synod must identify the difference between the cost of the event and the ticket price on all invitations and on the acknowledgement receipt. This cost will be determined by the coordinator of the special event under current IRS rules.
 2. Underwriting - The full amount of the contribution will be recorded as a charitable deduction, unless tickets, tables or numbers of seats at the event are offered in return.
 3. Ad journals - The full amount of an "ad" will be recorded as charitable contributions in accordance with the applicable IRS ruling. However, the "ad" must be congratulatory in nature and not promote business products or services. Every effort must be made to acquaint an ad journal contributor with this restriction.
 4. Auctions - Donors of auction items will receive a receipt for the fair market value of their gifts as specified by IRS guidelines, unless the donor is the artist creating the item. In that case, the receipt will reflect only the artists' cost basis as a charitable deduction. As with any donation of goods, those items donated with an FMV of \$500 or more

will have to complete IRS Form 8283 in order to receive a charitable deduction. Since persons who purchase an auction item receive something of value for their purchase, these are not considered gifts and thus do not qualify for a charitable deduction.

5. Sponsorships - Any solicitation or proposal must identify the value of any "perks" or benefits the donor would receive in recognition of the sponsorship. The net amount will then be credited and recorded as a charitable donation. A member of the Office of the Bishop staff will review all sponsorship agreements to ensure that the provisions of the agreement do not violate SE Minnesota Synod policy or IRS regulations.

4.3 Major, campaign and special gifts will be recognized in an appropriate way, based upon the amount and nature of the gift, except where the donor requests to remain anonymous. A development professional, director or volunteer solicitor should make no promise to a prospective donor regarding a naming opportunity without the prior recommendation of the Executive Committee in consultation with the Bishop of the SE Minnesota Synod. This approval should be sought once the donor's intent has been clarified but before the gift agreement is signed, or the gift is closed.

- a. Lists of naming opportunities should be created and revised regularly, but no less than every three years, for whole or parts of buildings, outdoor spaces, equipment and furnishings with an indication of the level of gift required. Development professionals, directors and volunteer solicitors can use these lists to guide them in their solicitations.

4.4 Donors who contribute \$100 or more in any given year may be recognized in a SE Minnesota Synod Publication. The minimum dollar amount for inclusion in the annual report may change, as required, after careful consideration.

4.5 Donors who request to remain anonymous may be listed as such in alphabetical order in the publication. Every effort must be made to comply with the donor's wishes regarding anonymity. No public reference should be made of a donor's name, either verbally or in print, without the express consent of the donor.

4.6 The amount and type of recognition of a donor must be clearly articulated in the formal gift agreement prior to acceptance, and be commensurate with the size of the gift.

4.7 If the gift needs oversight, the gift agreement should state who would make the decisions about that oversight, who will be responsible for that oversight and

who will communicate with the donor. Title and not the individual's name shall list the steward of the gift, in order to ensure effective stewardship over the years despite changes in personnel. This comes up frequently with art donations, and with endowed funds.

4.8 Restricted contributions can be used only for the purposes designated by the donor. A regular and random review (audit) of this practice should be conducted in various departments of the SE Minnesota Synod on an annual basis by the SE Minnesota Synod accountant (auditor), in order to ensure that donor intent is followed and that the SE Minnesota Synod is not compromised by inappropriate conduct, or subjected to an IRS audit. The following standard practices regarding changes in the use of gifts are identified below:

- a. If unavoidable circumstances require a change in the use of donor-designated funds, the decision to change that use must be made in accordance with the laws of the State of Minnesota. It must be carefully considered by the President, in consultation with the Executive Committee, with the full approval of the donor, if the donor is alive, or through a petition to the court for a new use of the funds.
- b. The donor, or donor's representatives in the case of death, must be notified in writing of the proposed change and the reasons behind it, prior to the change taking place.
- c. Changes in the use of donor-designated funds should be effected in only the most extreme circumstances when it becomes clear that the donor's intent can no longer be honored due to changed circumstances in program offerings or to insufficient funds available to accomplish the original intent.
- d. Temporary borrowing of funds from restricted accounts or invading the corpus of donor endowed funds for unauthorized uses is not allowed under any circumstances.

4.9 Proper stewardship of restricted gifts is of high importance for fund development professionals, finance department staff responsible for endowed and restricted funds, and directors. If required by the gift agreement, interim and/or annual reports on the use of the gift (i.e. financial assistance, special projects, etc.) must be sent to individual donors and granting agencies, such as foundations and corporations, on time and in such detail as to accurately report on the activity of the fund during any fiscal year.

Examples of irregularities in stewardship are:

- a. Under-reporting financial expenses

- b. Failure to implement the terms of a grant as outlined in the original proposal without formal notification to and approval of the donor
- c. Failure to name a space originally agreed upon after the donor
- d. Promising the same space to more than one donor
- e. Using project-related moneys on non-project related expenses
- f. Using restricted funds (temporary or permanent) to cover operation deficits

Section III: Ethics and Confidentiality: The SE Minnesota Synod recognizes the dual responsibility to both the institution and to the donor implicit in the fund development process. In the pursuit of financial resources to underwrite its current activities and ensure its future mission, the SE Minnesota Synod believes in the principle of individual ethical responsibility, the protection of confidential information, and the principle of record sensitivity. Therefore, the SE Minnesota Synod adopts the following practices:

5.0 All development officers, volunteer solicitors, researchers and consultants working for the SE Minnesota Synod are responsible for observing and upholding the rights and interests of the donor will be adhered to in all phases of the fund development process from cultivation to solicitation to stewardship. Failure to do so will subject the above personnel to appropriate disciplinary action.

5.1 All donor and prospect information created by, or on behalf of the SE Minnesota Synod is the property of the SE Minnesota Synod and shall not be transferred or utilized except on behalf of the institution for its purposes.

5.2 The charitable interests of the prospective donor shall be a primary consideration with respect to any gift to the SE Minnesota Synod. Pressure techniques shall be avoided and no program, agreement, trust or contract shall be entered which would benefit the SE Minnesota Synod at the expense of the donor's best interests and charitable motivations.

5.3 All persons actively engaged in fundraising, including the SE Minnesota Synod staff, volunteers and council members must also avoid personal conflicts of interest (using knowledge gathered in the course of working for the SE Minnesota Synod for personal gain).

n.b. The SE Minnesota Synod's policy for volunteer board members should prohibit the conducting of personal business with donor/prospects of the SE Minnesota Synod while the board member serves as an official representative of the institution. Conducting personal business with donors/prospects when meeting with them as an official SE Minnesota Synod representative is a conflict of interest that jeopardizes the SE Minnesota Synod's credibility, and may expose it to litigation. The AFP and ALDE standards of ethical behavior are the guiding principles for this provision.

5.4 All information collected in the process of securing gifts for the SE Minnesota Synod must be relevant to the capacity or inclination of a donor/prospect to make a gift to the SE Minnesota Synod. This information may come from the following sources:

- a. All published sources
- b. All public records
- c. Primary information relayed by the donor/prospect that is not specified as confidential
- d. Verified third party information

5.5 Donor and prospect research files/computerized records should only contain information that is verifiable and directly relevant to giving capacity, likelihood of a gift, and personal interests. All entries in a donor file should be made objectively and without judgment, as much as possible. The following information may be kept in the file:

- a. Relevant public information and relevant private information that has not been disclosed in confidence, including address and telephone number, biographical profile, briefing created by a development officer, publicly obtained financial information, specific giving history, specific planned gift amounts.
- b. Relevant information that has been given directly by the prospect/donor or been observed in direct communication with the prospect/donor.
- c. Internal development office-generated records, codes, ratings, wealth indicators and analyses.

5.6 Any irrelevant information found in a prospect's/donor's file or computer record should be deleted.

5.7 Any information that is potentially embarrassing or defamatory, particularly information regarding marital/family status, mental or physical health, and attitudes and opinions of a sensitive nature shall not be kept in a prospect's research file.

5.8 All prospect/donor material and information shall be stored securely to prevent access by unauthorized persons. Only research staff, development officers actively working with prospects/donors, and relevant supervisors will have access to these manual or computerized records.

6.0 All confidential documents and computer printouts that are no longer needed should be disposed of irreversibly, such as by shredding.

6.1 All requests for confidential materials should be made through the Bishop. Personnel may have access to database information on the following bases:

- a) Bishop of the SE Minnesota Synod, Director of Evangelical Mission and those staff whose primary responsibility it is to oversee donor records -- All available information currently on record on the prospect/donor.
- b) Volunteer Solicitors, and Prospect Screening Committees -- Selected information that directly pertains to the current solicitation.
- c) Student interns -- Biographical information only. Under no circumstances are interns to be permitted to process contributions or to enter financial data on donor's records, or to have access to that information.
- d) All requests by a donor (including directors) to review their donor files should be referred to SE Minnesota Synod Council, who will review the requests on an individual basis.
- e) The SE Minnesota Synod will not publish specific gifts or gift amounts through the SE Minnesota Synod web page. Only general information on the types of gifts that can be made to the SE Minnesota Synod and examples of how they can be used will be included.
- f) All employees and interns of the SE Minnesota Synod will sign a Confidentiality Statement that will guide their actions as they work with donor information and records retention.