

IDEA Public Schools

DONOR CULTIVATION AND STEWARDSHIP



**IDEA PUBLIC SCHOOLS BOARD POLICY
DONOR CULTIVATION AND STEWARDSHIP**

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IDEA PUBLIC SCHOOLS BOARD POLICY

DONOR CULTIVATION AND STEWARDSHIP

Sec. 1. PURPOSE OF POLICY.

Sec. 1.1. The Board of Directors (hereafter, the “Board”) of IDEA Public Schools (hereafter, “IDEA”) recognizes the importance, value, and necessity of the effective and reasonable cultivation and stewardship of donor and other supporter relationships for the furtherance of IDEA’s vision and mission. Moreover, the Board further understands that said donor cultivation and stewardship must conform with generally accepted accounting standards of fiscal management. Correspondingly, the Board finds that the use of philanthropic proceeds, tempered with appropriate fiduciary oversight, to cultivate, solicit, and steward a strong and diverse base of donors and supporters constitutes a valid and necessary public educational purpose that primarily and directly benefits IDEA’s students. Accordingly, through this policy, the Board endeavors to provide IDEA officers, as defined in Sec. 2.2 of this policy, and staff a framework for donor cultivation and stewardship activities.

Sec. 1.2. Through this policy, in addition to other applicable legal requirements, the Board shall specifically address the following legal requirements, as applicable, promulgated at:

- (a) Texas Business Organizations Code (“Tex. Bus. Org. Code”) Sections 2.002, 2.010(3), 2.102, 2.113, 3.101, 22.201, 22.221 and 22.235;
- (b) United States Code, Title 26 (“26 U.S.C.”);
- (c) Code of Federal Regulations, Title 26 (“Treasury Regulations”), Part 1;
- (d) Texas Education Code (“Tex. Ed. Code”) Sections 12.102, 12.107(a), 12.1052, 12.115(a)(2), 12.121 12.128 and 45.105(c);
- (e) Texas Administrative Code, Title 19 (“19 TAC”), Sections 100.1001(6), (8), (12) and (15), 100.1022(c)(1)(A)(iv), 100.1033(b)(14)(C), 100.1043(a)(2), 100.1047(b), 100.1063(b), 100.1101, and 100.1203; and
- (f) Financial Accountability System Resource Guide.

Sec. 2. AUTHORITY OVER FISCAL MATTERS.

Sec. 2.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Authority Over Fiscal Matters Policy (the “Controlling Policy”) for requirements applicable to this policy.

Sec. 2.2. The Delegates (as defined in Sec. 3(b) of the Controlling Policy) shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,¹ interested,² or related³ party, as defined in other Board policy or applicable law. IDEA (and its officers) may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

¹ Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135

² 19 TAC § 100.1047(f)

³ Tex. Ed. Code § 12.1166

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Sec. 2.3. The Delegates may confer authority to a designee under this Policy as set forth in Sec. 4 of the Controlling Policy.

Sec. 2.4. The Delegates and IDEA officers shall conform any activities and uses of financial and other resources to the prudent person rule set forth in Sec. 7 of the Controlling Policy and observe the prohibition against abuse and waste established under Sec. 8 of the Controlling Policy.

Sec. 3. APPLICABILITY OF STATE LAW.⁴

To the degree that philanthropic proceeds received from a donor or supporter are cultivated, solicited and stewarded using private, philanthropic funds and not public (state) funds, state law governing the use public (state) funds does not apply. Otherwise, state law governs and the Board's policies conforming to state law shall apply to any and all uses of philanthropic funds.

Sec. 4. PRIVATE, PHILANTHROPIC FUNDS DEFINED.⁵

For purposes of this policy, private, philanthropic funds shall mean funds received from a donor or supporter. Importantly, private, philanthropic funds do not include public (state) funds or any funds classified as public.

Sec. 5. ACCOUNTABLE PLAN.

The Delegates shall ensure that any expense incurred under this policy conforms to the Board Policy relating to the Accountable Plan.

Sec. 6. DONOR AND SUPPORTER RECOGNITION AND GRATITUDE.

Sec. 6.1. As required under Sec. 8.4 of the Board Policy relating to the Authorization for the Obligation and Expenditure of Funds, the Chief Advancement Officer shall prepare an annual budget for Donor and Supporter Recognition and Gratitude. The Delegates shall review and approve, disapprove, conditionally approve or approve with modification said budget and submit same to the Board's Finance Committee for its consideration. The Committee may ratify or reject the Delegates action. The Board may, at its discretion, exercise its final authority to review and ratify or reject the Committee's action.

Sec. 6.2. Consistent with Sec. 6.1 of this policy, the Delegates or designee may expend private, philanthropic funds for donor and supporter recognition and gratitude in accordance with the Adopted Budget, as established under the Board Policy relating to the Authorization for the Obligation and Expenditure of Funds. The Chief Advancement Officer or designee shall notify the Delegates of the expenditure of funds for donor and supporter recognition and gratitude purposes in a manner that enables the Delegates to make determinations as to applicable federal income tax reporting requirements, if any. The Delegates shall ensure that any expenditure of funds for donor and supporter recognition and gratitude are reported pursuant to applicable federal income tax reporting requirements, if any.

⁴ Tex. Ed. Code §§ 12.107 and 12.128 and 19 TAC §§ 100.1001(6), 100.1043, and 100.1063.

⁵ Tex. Ed. Code §§ 12.107, 12.115(a)(2) and 12. 128 and 19 TAC §§ 100.1001(6), 100.1043, and 100.1063.

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Sec. 6.3. The Delegates and Chief Advancement Officer may authorize the use of private, philanthropic funds for the following items:

- (a) Anniversary cards;
- (b) Awards, certificates and plaques;
- (c) Capital project recognition through school building naming opportunities, including signage and renderings;
- (d) Cultivation events;
- (e) IDEA branded apparel and small items, not to exceed \$25 per small items purchase;
- (f) Photo books and photographs;
- (g) Social media posts;
- (h) Special events;
- (i) Stewardship trip and tour;
- (j) Thank You letters;
- (k) Videos highlighting benefits derived from donor's support;
- (l) Welcome packages; and
- (m) Any other use authorized by the Board and in the Adopted Budget where necessary.

Sec. 6.4. The Delegates and Chief Advancement Officer shall approve, in writing, any expenditure of private, philanthropic funds of \$600 or more for a single item prior to its purchase.

Sec. 6.5. The Chief Executive Officer/Superintendent shall approve, in writing, any expenditure of private, philanthropic funds of \$1,000 or more for a single item prior to its purchase.

Sec. 6.6. An officer may not make component, separate, or sequential purchases to avoid or bypass the limits set forth above.

Sec. 6.7. If the total aggregate expenditure is \$600 or more in any fiscal year, IDEA shall issue an IRS Form 1099-MISC to the donor or supporter.

Sec. 6.8. Notwithstanding anything to the contrary contained herein, IDEA will not provide items of value to donors who are or have been members of the Board or an officer, as defined in Sec. 5 of the Controlling Policy, or any other person who may be considered a disqualified person under 26 U.S.C. § 4958(f)(1).⁶

Sec. 6.9. The Delegates shall report to the Finance Committee the amounts expended under this section. Notably, the Delegates shall report, with specificity, to the Finance Committee any expenses incurred under Sec. 6.3(m).

Sec. 7. MEALS.

Sec. 7.1. When engaged in official donor or supporter cultivation, solicitation or stewardship activities, an officer may use private, philanthropic funds for beverages, meals and other food items. In this event, the officer's purchase is limited to the officer and the donor(s)/supporter(s).

⁶ 26 U.S.C. § 4958

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Sec. 7.2. IDEA officers may incur expenditures that are reasonable, ordinary, and necessary to further IDEA's vision and mission. IDEA officers shall fully disclose the activity to which the expense pertains in their calendar.

Sec. 7.3. IDEA officers shall submit and maintain an adequate record and supporting documentary evidence, including:

- (a) an original itemized credit card receipt that includes the amount was paid;
- (b) a description of the event that prompted the incurrence of the expense;
- (c) the date and time of the event;
- (d) the location or name of the establishment and other identifying information;
- (e) a detailed description of the specific business reason of the expense, including the business benefit derived or expected to be derived and the nature of the business discussion or activity;
- (f) the name(s) of the person(s) benefitting from the expense, be it directly or indirectly, including the organization that they represent and their job title; and
- (g) the business relationship to the officer of the person(s) receiving the benefit of such expense, if applicable.

Sec. 7.4. Prior to incurring an expense under Sec. 7, the Delegates or designee shall approve in writing, any amounts for beverages, meals and other food items, including reasonable gratuity not to exceed twenty percent (20%), if the expense will exceed two hundred percent (200%) of the standard or locality per diem rate for meals promulgated by the United States General Services Administration ("GSA"). If the officer fails to obtain the required prior approval, the officer shall pay the amount exceeding the per diem rate. If the officer incurring the expense is the executive director, Chief Schools Officer, or Chief Advancement Officer, the Delegates shall approve, in advance and in writing, the expense.

Sec. 7.5. IDEA officers are prohibited from incurring expenditures in excess of three hundred percent (300%) of the standard or locality per diem rate for meals promulgated by the GSA and shall pay the amount above this threshold.

Sec. 8. EVENTS.

Sec. 8.1. As set forth in the Adopted Budget, IDEA officers may use private, philanthropic funds to host events, including but not limited to fundraising and donor or supporter cultivation gatherings. In this regard, IDEA officers may use private, philanthropic funds to lease venues and purchase beverages, food, insurance, marketing services, materials, supplies, and other ordinary and reasonable costs associated with the event.

Sec. 8.2. IDEA officers shall prepare a detailed budget for each event which includes total cost, cost per person, and projected revenue and private, philanthropic fund source, as applicable, and other supporting documentation to show business purpose and discloses the business benefit to be derived or expected to be derived.

Sec. 8.3. As set forth in Table B below, the designated officer shall approve, in advance and in writing, each event budget prior to the obligation of funds.

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Table A: Expenditure Approval Levels for Events

Proposed Budget Per Person or In Total	Designated Officer
Less than \$20 per person or \$10,000 in total	Vice President of Regional Development
Less than \$50 per person or \$25,000 in total	Chief Advancement Officer
\$50 or more per person or \$25,000 or more in total	Chief Executive Officer/Superintendents or Delegates

Sec. 8.4. IDEA shall not incur any expense or use any funds for an activity or event that includes any political activities or any other activities that may compromise or be in conflict with IDEA's 501(c)(3) or public school status. An officer who violates this prohibition is subject to disciplinary action, up to and including termination.

Sec. 8.5. IDEA may expend private philanthropic funds associated with registering for and attending events for the purpose of cultivating potential supporters or donors to the extent there is a clear and direct benefit to IDEA Public Schools. The expenditure must be reasonable in its nature and amount. The officer shall submit and maintain an adequate record and supporting documentary evidence, including:

- (a) an original itemized credit card receipt that includes the amount was paid;
- (b) a description of the event that prompted the incurrence of the expense;
- (c) the date and time of the event;
- (d) the location or name of the organization and other identifying information;
- (e) a detailed description of the specific business reason of the expense, including the business benefit derived or expected to be derived.

Any expenditure in excess of two hundred and fifty dollars must be approved by the Delegate or designee prior to the expenditure.

Sec. 9. ALCOHOL.

Sec. 9.1. IDEA is prohibited from having alcohol on school property or at public school activities and events. IDEA officers and staff shall refrain from having alcohol present or provided on school property or during school activities and events.⁷

Sec. 9.2. For purposes of Sections 6 through 8 of this policy and subject to the prohibition under Sec. 9.1 of this policy, the Chief Advancement Officer may authorize the use of private philanthropic funds for the purchase of alcoholic beverages, but only to the extent permitted and not in conflict with Tex. Ed. Code § 38.007.

Sec. 9.3. The Chief Advancement Officer should identify and engage a supporter who may voluntarily cover any purchase of alcoholic beverages.

⁷ Tex. Ed. Code § 38.007

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Sec. 10. QUID PRO QUO CONTRIBUTIONS.

The Chief Advancement Officer should identify and engage a supporter who may If a donor or supporter makes a payment to IDEA that is partly a contribution and partly a purchase of goods or services, the Delegates shall issue the written disclosure statement required by the IRS.

Sec. 11. TRAINING AND UPDATES.

The Delegates or designee shall properly train or ensure training is provided to IDEA officers and employees on the requirements of this policy and any administrative procedures adopted to implement this policy. Additionally, the Delegates or designee shall keep IDEA officers and employees informed of any changes to this policy and related requirements.

Sec. 12. ADMINISTRATIVE PROCEDURES.⁸

The Delegates shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegates shall not adopt, and are prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegates shall confer with the Board or legal counsel before deviating from the requirements set forth in this policy. In the event that a deviation from this policy becomes necessary, the Delegates shall either recommend an amendment to this policy or the Board's approval of a specific deviation, including the purpose, scope and duration of the requested deviation.

Sec. 13. DATE ADOPTED AND EFFECTIVE.

As set forth in the pertinent minutes to the meeting of the Board, the Board adopted this policy on September 11, 2020, and it became effective on September 11, 2020.

Sec. 14. RETENTION.⁹

This policy shall be retained until superseded, expired, or discontinued and for five (5) years thereafter in accordance with state law.

⁸ Consistent with 19 TAC § 100.1033(b)(14)(C)(iv), the Board has the final authority to adopt policies governing charter school operations, including authorizing the Delegates or designee to adopt an administrative procedure to implement this policy. Moreover, as set forth in IDEA's Articles of Incorporation and Bylaws and in accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is IDEA's governing authority and, as such, manages and directs IDEA's business and affairs through Board actions, resolutions and policy.

⁹ Tex. Ed. Code §12.1052; 19 TAC §100.1203; See Record Number GR1000-38 and GR1025-25 in Local Schedule GR: Records Common to All Local Governments, Revised 5th Edition (Effective April 17, 2016) adopted by the Texas State Library and Archives Commission at Texas Administrative Code, Title 13, §7.125(a)(1).

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Sec. 15. CERTIFICATION.

The Undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the Board Policy relating to Net Assets, as originally adopted by the Board on September 11, 2020, and revised on December 10, 2021, which Policy is in full force and effect and has not been revoked or amended.

DocuSigned by:

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Anthony Ryan Vaughan, Board Secretary

1/19/2022

Date Certified