

# **GIFT ACCEPTANCE POLICY**

## **For**

### **Plainfield United Methodist Church**

#### **I. INTRODUCTION**

The Plainfield United Methodist Church (PUMC) encourages gifts that will provide permanent funding to help PUMC fulfill its mission. Extraordinary or one time gifts to PUMC that are not otherwise specifically directed to another purpose will be added to the General Endowment Fund and used in accordance with the policies and procedures of the General Endowment Fund. Other accepted gifts will be used for the purpose specified.

The purpose of establishing these policies and guidelines (hereinafter “Policies”) is to maintain and preserve the integrity of PUMC and minimize the acceptance of gifts that will not assist PUMC in fulfilling its mission. In addition, these Policies are intended to provide guidance to prospective donors and their advisors when making gifts to PUMC. Accordingly, gifts to PUMC or the General Endowment Fund shall be governed by these Policies. PUMC retains the right to accept or reject any proposed gift and no gift shall be deemed accepted until accepted in accordance with these Policies.

PUMC shall ask the donor of any property to pay for all costs associated with the transfer of property to PUMC, such as recording fees, transfer taxes, due diligence investigations, and other transfer fees. In appropriate circumstances, PUMC may pay such costs if the donor declines to pay such costs.

#### **II. DONOR CONSIDERATIONS**

The interest of the donor shall be the primary consideration with respect to any gift. No representative of PUMC in such capacity shall provide legal, financial, or tax advice to any prospective donor. All planned giving techniques have limitations and require that the donor comply with specific rules and regulations. As a result, all prospective donors should be encouraged to seek the assistance of personal legal, tax, and financial advisors in matters relating to gifts and the resulting tax and estate planning consequences. If a donor requires assistance in estate planning, a list of estate planning professionals is available at the church office.

#### **III. PROCEDURE FOR ACCEPTANCE OR REJECTION**

*Finance Chair, Treasurer, Financial Secretary or Senior Pastor Authority.* All prospective cash gifts or gifts of publicly traded securities shall be reviewed and may be accepted by any of the above. A gift confirmation letter will be sent to the donor(s).

*Special Board.* All other donations and gifts will be reviewed for acceptance by a “Special Board” consisting of the Administrative Council Chairperson, Trustees Chairperson, Finance Committee Chairperson and Endowment Trustees Chairperson along with the Senior Pastor. This Board shall be chaired by the Administrative Council Chairperson. The Senior Pastor shall be a non-voting member of the Board. In the event the gift has excessive expenses, unacceptable restrictions or other donation stipulations, the Special Board upon rejection will communicate such in writing to the donor(s). Donations and Gifts deemed acceptable will also be confirmed in writing to the donor(s).

*Administrative Council (hereinafter "Admin Council") Authority.* All other prospective gifts, including property of limited marketability or property involving liability or questionable benefit to the mission of PUMC, shall be reviewed by the Special Board and its recommendation referred to the Admin Council for final determination as to acceptance or rejection. In such cases, the costs and benefits of the gift should be reviewed to determine possible maintenance expenses and whether existing staff has the resources to oversee the gifted assets. The Admin Council may deviate from these Policies if it determines that doing so is in the best interests of PUMC. The Admin Council is authorized to retain and rely upon consultants, advisors, legal experts and others when it deems such consultation is necessary.

#### **IV. SPECIFIC TYPES OF GIFTS**

##### **A. Cash**

Cash is acceptable in any form. Checks should be made payable to Plainfield United Methodist Church and delivered to PUMC's Financial Secretary or Senior Pastor. PUMC frequently receives cash and checks that are predicated for Memorials in the name of a deceased donor. While the amount may seem modest, however when co-mingled with all donations its purpose is significant for PUMC. These funds are managed by a separate Memorial Policy.

##### **B. Securities**

Securities include debt and equity interests in corporations, partnerships, limited liability companies, other business entities, and governmental entities and also include mutual funds and similar investments. Securities may either be publicly traded or non-publicly traded. Publicly traded securities are securities that are traded in a generally recognized market and can be easily sold and converted to cash. Non-publicly traded securities are interests in closely held business entities and other securities that are not traded on a recognized market or cannot be easily sold and converted to cash.

*Publicly traded securities.* Publicly traded securities are acceptable gifts. Transfer is best with unendorsed securities plus executed stock or bond powers, either hand delivered to the PUMC's Financial Secretary, Treasurer or Senior Pastor or sent separately by certified mail. Securities held in "street name" can be transferred by the donor to PUMC's current brokerage account or to a new account opened in the name of PUMC. The Finance Chair and Treasurer are jointly authorized, under the direction of the PUMC Admin Council, to open new accounts, transfer or liquidate securities gifted to PUMC as soon as is practical.

*Non-publicly traded securities.* Non-publicly traded securities should be carefully examined to determine their value and marketability. The examination shall specifically determine that:

1. There are no restrictions on the security or ownership of the security that would prevent PUMC from converting such security into cash within a reasonable time;
2. The security will not generate any undesirable tax consequences to PUMC.

##### **C. Real Property**

Real property includes developed or undeveloped land, including residences, agricultural land, commercial property, and gifts of such property subject to a prior life interest. A gift of real

property can represent a major contribution to PUMC. Such a gift may also represent a major liability in terms of up-front costs, carrying costs, property taxes, and environmental remediation. As a result, no interests in real property shall be accepted without a thorough review of the property, including a review of environmental aspects, the title, real estate taxes, insurance, and valuation of the property.

The Special Board may accept gifts of real property in accordance with this section if the Committee determines that there are no significant concerns or potential adverse consequences to PUMC. In all other cases, the Special Board shall make a recommendation to the Admin Council.

The review process for accepting a gift of real property shall start by obtaining (1) a copy of the property deed; (2) a copy of the property map, plat, or survey; (3) a copy of the current tax assessment and tax statement or similar indication of value and real estate taxes; (4) a copy of any lease encumbering all or any portion of the property; (5) a copy of any mortgage encumbering the property and its associated promissory note; (6) a copy of a current insurance invoice; and (7) a general itemization of any other income and carrying costs. The Chair of the Trustees and the Chair of the General Endowment Fund Committee shall initially review these documents. If the review is favorable, a qualified appraisal of the property, an environmental assessment, and a title insurance commitment shall be obtained.

Prior to acceptance of any interest in real property, the donor shall obtain a qualified appraisal of the property and deliver it to PUMC. The donor shall choose the appraiser. The purpose of the appraisal is to provide the donor with a valuation for charitable tax deduction purposes and to provide PUMC with a professional estimation of the value of the property, against which PUMC can measure any mortgage and potential liabilities.

Prior to acceptance of an interest in real property, PUMC shall generally require an initial environmental assessment of the property (often referred to as a Phase I Environmental Survey). The purpose of the environmental assessment is to ensure that the property is not subject to environmental contamination, which could place unknown liabilities upon PUMC. The only instance in which an environmental survey may not be required is residential real property involving improvements constructed after 1978, in which case the Endowment Committee may, but is not required to, waive the requirement.

Prior to acceptance of an interest in real property, PUMC shall obtain a title insurance commitment or other title search. The purpose of the title search is to determine the exact restrictions, easements, mortgages, liens, and other items encumbering the title of the real property. The results of the title search shall be considered in determining whether to accept or reject the real property. Upon acceptance of the real property and recording of the deed, PUMC shall generally obtain a title insurance policy, insuring title in PUMC subject only to the items disclosed in the title search.

It will be the general procedure to ask that the donor pay for the cost of an appraisal, the environmental assessment, and the title work. In appropriate circumstances, however, if the donor declines to pay for the environmental assessment or the title work, PUMC may do so. If the donor intends to take a charitable tax deduction for contribution of the property, however, applicable provisions of the Internal Revenue Code require that the donor pay the costs of the appraisal. Extenuating circumstances for acceptance of Real Property noted above could include PUMC receiving the property from a donor's Will or Trust. The Special Board may

retain legal counsel to assist with issues as a result of such donation.

Prior to the establishment of this Gift Acceptance Policy, PUMC was the recipient of a Gift from PUMC member Janet Brown. Following her 1992 death, provisions of her Will were for PUMC to receive her 134 acre farm. In 1994, 124 of the 134 acres were sold for the sum of \$1.4 million dollars. Following this sale, the Janet Brown Endowment Fund was developed and approved in 1995. Fund guidelines are provided in "A Resolution and Rationale." These guidelines provided the purpose and benefits of the gift. In 2005 the remaining 10 acres were sold for \$1.25 million dollars with \$500,000 designated for PUMC's 2004/2005 building program.

Criteria for acceptance of gifts of interests of real property shall include:

1. Is the property useful for the purposes of PUMC?
2. Is the property marketable?
3. Are there any restrictions, reservations, easements, or other limitations associated with the property that limit its usefulness or marketability?
4. Is the property subject to mortgages or delinquent real estate taxes? Note: an affirmative response to either of these questions does not necessarily indicate a rejection.
5. What are the carrying costs associated with the property, such as insurance, property taxes, mortgages, etc.?
6. Does the environmental assessment reflect any environmental concerns?
7. Does ownership of the property create other risks, such as subjecting PUMC to litigation or other expenses?

When PUMC accepts a remainder interest in real property, following the life of one or more others, PUMC shall enter into a separate agreement that gives the donor(s)/life-tenant(s) the responsibility for maintenance, insurance, property taxes, mortgage payments, and other related on going expenses. In appropriate circumstances, however, PUMC may incur costs that protect the future value of the real property.

#### **D. Tangible Personal Property**

Tangible personal property includes art, books, antiques, equipment, jewelry, collections, cars, and other corporeal personal property.

*For Use by PUMC in its Mission.* The Senior Pastor or PUMC's Financial Secretary may accept gifts of tangible personal property that PUMC will actually use in fulfilling its mission. Greater charitable tax deductions may be available for donors of tangible personal property that PUMC uses in connection with the fulfillment of its mission and tax-exempt purposes. Only the Special Board's Chairperson may represent to a donor that the property will or will not be used by PUMC in connection with PUMC's mission for the requisite period of time.

*Not for Use by PUMC in its Mission.* Tangible personal property that PUMC cannot actually use in its mission is only acceptable if there is strong reason to believe the property can be quickly disposed of and the costs incurred will be outweighed by the net sale proceeds. Perishable property or property that requires special facilities or security to properly safeguard shall only be accepted if the benefits of the gift far outweigh the maintenance expenses and PUMC staff can appropriately oversee the personal property.

## **E. Charitable Trusts**

*Charitable Remainder Trusts.* PUMC may accept a designation as the remainder beneficiary of a charitable remainder trust. Acceptance or rejection shall be based upon the assets that the donor proposes to transfer to the trust and the class of assets that are anticipated to be distributed from the trust to PUMC in the future.

*Charitable Lead Trusts.* PUMC may accept a designation as the beneficiary of a charitable lead trust to receive a stipulated unitrust percentage or a fixed annuity amount annually for a stated period of time. Acceptance or rejection shall be based upon the assets that the donor proposes to transfer to the trust and the class of assets that are anticipated to be distributed from the trust to PUMC.

*Trustee of Charitable Trusts.* PUMC will not accept an appointment as trustee of a charitable remainder trust.

## **F. Retirement Plan Beneficiary Designations**

PUMC may accept the designation as a beneficiary or contingent beneficiary of a donor's retirement plan.

## **G. Life Insurance**

*Beneficiary Designation.* PUMC may accept the designation as a beneficiary or contingent beneficiary of a donor's life insurance policy. Such designation may be accepted by PUMC's Financial Secretary.

*Gift of Policy.* PUMC may accept an irrevocable gift of a life insurance policy, provided that the insured consents to the gift. Gifts of fully paid-up policies may be accepted by PUMC's Financial Secretary. The Special Board may accept gifts of policies that are not fully paid-up, based upon the amount of the premiums; cash surrender value and other policy attributes, and health of the donor. Donors of policies that are not paid-up shall be encouraged to continue making the on-going premium payments; if ownership of the policy is irrevocably vested in PUMC, such premium payments should be entitled a charitable tax deduction. Policies that are not paid-up and for which the donor declines to make ongoing premium payments may be surrendered to the life insurance company for the cash surrender value, PUMC may pay the premiums through policy loans, or PUMC may pay the premiums from other funds, as the Special Board determines is in the best interests of PUMC.

## **V. PUMC DISPOSITION OF DONATED PROPERTY**

Property donated to and accepted by PUMC shall generally be sold or liquidated as soon as practical and the net proceeds invested in accordance with PUMC's Statement of Investment Policy Objectives and Guidelines.

## **VI. MISCELLANEOUS TAX MATTERS**

PUMC, as a matter of governing policy, shall cooperate fully in all matters related to Internal Revenue Service investigations of charitable gifts.

If there is reason to believe that any gift of property, other than cash and certain publicly traded securities, has a value of \$5,000 or more, the property shall not be accepted until after the donor has provided the Special Board a qualified appraisal under the applicable provisions of the Internal Revenue Code governing such gifts. The Internal Revenue Code generally requires that the donor pay the costs of the appraisal. The requirement of such an appraisal, however, may, in the discretion of the Special Board, be eliminated if the donor indicates in writing that he or she does not intend to take a charitable income tax deduction for such gift. The Special Board, however, shall generally not waive the appraisal requirement if there is any question as to the authenticity or quality of the property donated.

In the event of a memorial gift, the PUMC Memorial Committee shall assure that all prospective donors receive written confirmation of the acceptance or rejection of any gift. For accepted non-cash gifts having a value in excess of \$250, the written confirmation shall describe the gift and give an estimate of the fair market value of the property in accordance with applicable provisions of the Internal Revenue Code relating to the contemporaneous acknowledgment of charitable gifts. The letter shall state if the estimate of the fair market value is based upon the donor's estimate or a qualified appraisal.

Donors must generally file an IRS Form 8283 when taking a charitable income tax deduction for non-cash donations in excess of \$500. In certain situations, the charitable donee of the non-cash property must also sign IRS Form 8283. When requested, PUMC's Treasurer shall sign an appropriately prepared IRS Form 8283 that a donor submits and shall retain a copy for PUMC records.

PUMC shall comply with all reporting requirements under Section 6050L of the Internal Revenue Code. Generally, that section requires PUMC to file an information report with the Internal Revenue Service (on IRS Form 8282) if PUMC sells or disposes of the "charitable contribution property" within two years of its contribution to PUMC. The term "charitable contribution property" is defined as any property (excluding cash and certain publicly traded securities) for which a charitable income tax deduction was claimed and the property (plus the claimed value of all similar items of property donated by the donor to one or more donees) exceeds \$5,000. The Finance Chair, Treasurer, or Financial Secretary shall sign and file IRS Form 8282 within 125 days of the date of sale or disposition of the property or such other period specified in then current IRS requirements.

This document ratified by the Plainfield United Methodist Church Administrative Council this 26<sup>th</sup> day of November, 2012. IV.B. *Publicly traded securities*, amended by Admin Council May 19, 2014.

By: \_\_\_\_\_  
Administrative Council Chair

By: \_\_\_\_\_  
Senior Pastor

By: \_\_\_\_\_  
Finance Committee Chair