



Sample Gift Acceptance Policy

Every church needs a basic gift acceptance policy to guide leaders, staff, volunteers, and donors. A thorough gift acceptance policy provides clarity and consistency by:

- 1) Defining types of assets and types of gift arrangements.
- 2) Identifying issues and concerns before they can become problems.
- 3) Establishing procedures that ensure appropriate review.
- 4) Building trust and confidence among all parties.

Review the policy every year as part of the training for new board and committee leaders. (This is an important way to plant seeds among your key supporters!) Make changes as needed. The Missouri United Methodist Foundation is also a ready source of information and assistance. Visit the Foundation website (www.mumf.org) or call the Foundation office at 800-332-8238.

(SAMPLE) GIFT ACCEPTANCE POLICIES AND GUIDELINES

The First United Methodist Church of Cityville, Missouri, a public charity (EIN#: _____) which is recognized by the IRS as a church included under the United Methodist denominational group letter ruling (*and – if applicable - a not-for-profit corporation organized under the laws of the State of Missouri. (State Charter #: _____)*), encourages the solicitation and acceptance of gifts to First United Methodist Church of Cityville (hereinafter referred to as the Church) for purposes that will help the Church to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Church or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The Stewardship Ministry of the Church assists all members and friends of the Church to be generous givers and strives to ensure that the Church handles all gifts with competence, efficiency, integrity, and sensitivity. These policies and guidelines govern the acceptance of gifts by the Church and provide guidance to prospective donors and their advisors when making gifts to the Church. The provisions of these policies shall apply to all gifts received by the Church for any of its programs, projects, ministries, services or endowments.

II. Use of Legal Counsel

The Church shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements

- b. Documents naming the Church as Trustee
- c. Gifts involving contracts, such as bargain sales or other documents requiring the Church to assume an obligation
- d. Transactions with potential conflict of interest that may invoke IRS sanctions
- e. Other instances in which use of counsel is deemed appropriate by the _____
_____ Committee (*Depending on the size of the church this can be the trustees, the finance committee, the stewardship committee, the endowment committee, or some combination that convene to decide whether to accept or reject a gift in keeping with this policy.*)

III. Conflict of Interest

The Church will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Church will strive to comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Association of Charitable Gift Planners shown as an appendix to this document.

IV. Restrictions on Gifts

The Church will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Church will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Church. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the _____ Committee of the Church.

Memorial Gifts: While these gifts are subject to the same gift acceptance policies and guidelines, special attention may be given to working with families and loved ones to ensure that memorial gifts are used by the Church in meaningful and appropriate ways. The Church shall maintain a list of projects or needs that are suitable for memorial support, including a Memorial Endowment Fund for long-term support and recognition. Appropriate memorial records and memorial recognition shall be maintained.

V. The _____ Committee

The _____ committee shall consist of:
(*optional – insert description of membership*)

The _____ Committee is charged with the responsibility of reviewing all gifts made to the Church, properly screening and accepting those gifts, and making recommendations to the Board of Trustees (*or other appropriate committee, board or council*) on gift acceptance issues when appropriate.

VI. Types of Gifts

- A. The following gifts are acceptable:
 - 1. Cash
 - 2. Tangible Personal Property

3. Securities (stocks, bonds, mutual fund shares)
4. Real Estate
5. Remainder Interests in Property
6. Oil, Gas, and Mineral Interests (*optional*)
7. Bargain Sales
8. Life Insurance (donated policy)
9. Life Insurance proceeds (Church as Beneficiary)
10. Charitable Gift Annuities
11. Charitable Remainder Trusts
12. Charitable Lead Trusts
13. Retirement Plan Beneficiary Designations
14. Gift distributions directly from IRAs
15. Gift distributions from Donor Advised Funds
16. Bequests
17. Beneficiary Designations on other assets (POD, TOD, Beneficiary Deed)

B. The following criteria govern the acceptance of each gift form:

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to The First United Methodist Church and shall be delivered to the Church's administrative offices.
2. **Tangible Personal Property:** All gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of the Church?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the _____ Committee of the Church.

3. **Securities:** The Church can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may be transferred to an account maintained by the Church at one or more brokerage firms, to the Missouri United Methodist Foundation for the benefit of the Church, or delivered physically to the Church with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the _____ Committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the _____ Committee of the Church.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the _____ Committee of the Church. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent the Church from ultimately converting those assets to cash,
- the security is marketable, and
- the security will not generate any undesirable tax consequences for the Church.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the _____ Committee of the Church and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. The Church shall strive to work with the donor to ensure that the gift is acceptable and to minimize the possibility of unintended negative consequences for all parties.

Prior to acceptance of real estate, the Church shall conduct an on-site visit and a basic environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Church shall retain a qualified inspection firm to conduct a level one environmental audit. The cost of all environmental audits are an expense of the donor.

A title search shall be obtained by the Church prior to the acceptance of the real property gift. The cost of this title search shall generally be an expense of the donor. The donor must obtain a “qualified appraisal” at donor’s expense. Prior to acceptance of the real property, the gift shall be approved by the _____ Committee of the Church and by the Church’s legal counsel. Criteria for acceptance of the property shall include taking the necessary steps to document answers to the following:

- Is the property useful for the purposes of the Church?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

Mortgaged real property may not be accepted. Donors who own mortgaged real property are encouraged to pay off or transfer the mortgage before making the gift.

5. Remainder Interests In Property: The Church will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4. above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Church may use the property or reduce it to cash. Where the Church receives a gift of a remainder interest, expenses for

maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6. Oil, Gas, and Mineral Interests: The Church may accept oil, gas and mineral property interests, when appropriate. Prior to acceptance of an oil, gas or mineral interest the gift shall be approved by the _____ Committee, and if necessary, by the Church's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the Church has no current or potential exposure to environmental liability.

7. Bargain Sales: The Church will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Church. All bargain sales must be reviewed and recommended by the _____ Committee and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include:

- The Church must obtain an independent appraisal substantiating the value of the property.
- If the Church assumes debt with the property, the debt ratio must be less than 50% of the appraised market value
- The Church must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt
- The Church must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

8. Life Insurance (gift of policy): The Church must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Church will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Church may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

9. Life Insurance (gift of proceeds): Simply naming the Church as a beneficiary or co-beneficiary on a life insurance policy is an easy way to make a meaningful and lasting legacy gift to the Church.

10. Charitable Gift Annuities: The Church shall encourage donors to contact the Missouri United Methodist Foundation in regard to the creation and administration of all Charitable Gift Annuities benefiting the Church.

11. Charitable Remainder Trusts: The Church may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the _____ Committee of the Church. The Church will not accept appointment as Trustee of a charitable remainder trust, but will encourage donors to contact the Missouri United Methodist Foundation to discuss such services.

12. Charitable Lead Trusts: The Church may accept a designation as income beneficiary of a charitable lead trust. The Church will not accept an appointment as Trustee of a charitable lead trust, but will encourage donors to contact the Missouri United Methodist Foundation to discuss such services.

13. Retirement Plan Beneficiary Designations: Donors and supporters of the Church may name the Church as a beneficiary of their retirement plan funds.

14. IRA Gifts: Federal legislation allows persons over age 70 ½ to make direct gifts from traditional IRA accounts to the Church. Such gifts are welcome and acceptable. The Church will issue an appropriate gift receipt letter for such “IRA Qualified Charitable Distributions” (QCDs) that affirms acceptance, but acknowledges no charitable deduction.

15. Donor Advised Fund distributions: Donor Advised Funds are increasingly popular and are administered by a number of charities, including the Missouri United Methodist Foundation. DAF distributions are welcome and encouraged.

16. Bequests: Donors and supporters of the Church will be encouraged to make bequests to the Church through the provisions of wills, trusts, and estate plans.

17. Beneficiary Designations: Donors and supporters of the Church may name the Church as a beneficiary or contingent beneficiary of life insurance policies, IRAs, bank accounts, brokerage accounts, tangible personal property and beneficiary deeds on real property.

VII. Miscellaneous Provisions

A. Securing appraisals and legal fees for gifts to the Church: It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Church.

B. Responsibility for IRS Filings upon sale of gift items: The _____

Committee of the Church is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Church when the charitable deduction value of the item is more than \$5,000. The Church must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

C. Acknowledgement of all gifts. All gifts made to the Church shall be promptly and appropriately acknowledged. Compliance with the current IRS requirements for acknowledgement of various types of gifts shall be the responsibility of the _____ Committee of the Church. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions are attached to these policies as an Appendix.

VIII. The United Methodist Social Principles

The most recent edition of The Book of Discipline of the United Methodist Church (2016), outlines the Social Principles of the UMC as “a call to faithfulness” that is “intended to be instructive and persuasive in the best prophetic spirit.” The _____ Committee of the Church shall be mindful of the Social Principles in making gift acceptance decisions and shall strive to honor those principles in the decision-making process and in the subsequent administration and use of gifts.

IX. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and accepted by the _____ Committee of the Church. The _____ Committee of the Church must approve any changes to or deviations from these policies.

Approved on the _____ day of _____, 20__.

(It is recommended that this policy be adopted by a formal vote of the Church Conference. Alternatively, the Board of Trustees or Leadership Team may adopt the policy.)

APPENDICES

- I. Model Standards of Practice of the Charitable Gift Planner - available at <https://charitablegiftplanners.org/standards/model-standards-practice-charitable-gift-planner>
- II. IRS Form 8282 and Instructions - available at www.irs.gov
- III. IRS Publication 561 Determining the Value of Donated Property - available at www.irs.gov
- IV. IRS Publication 526 Charitable Contributions - available at www.irs.gov

This sample policy is offered as an illustration and instructional guide. It remains the responsibility of the church to adapt and revise this policy as necessary to reflect any relevant changes to applicable laws, policies, or practices.