

Glenkirk Church

Gift Acceptance Policy

Adopted May 22, 2012

Purpose of the Policy

The purpose of the Gift Acceptance Policy is to give guidance to those individuals within Glenkirk Church (Glenkirk) responsible for soliciting and/or accepting charitable gifts and grants.

To prevent misunderstandings and conflicts and to protect the interests of Glenkirk in furthering its mission, all charitable gifts and grants are to be accepted or rejected in accordance with the policies set forth herein.

These guidelines should be viewed as flexible and realistic in order to accommodate unpredictable fundraising situations and donor expectations. Such situations and expectations, however, must be consistent with Glenkirk's mission and this Policy.

The scope of this Policy is limited to acceptance or rejection of proposed gifts or grants; it is not intended to cover disposition of property owned by the Glenkirk. Gifts and grants will be considered one in the same in this policy statement other than when identified.

Gift Acceptance

Glenkirk's Session shall, through the Glenkirk Business Manager and other designated staff and/or elders, accept all philanthropic support to Glenkirk, provided such gifts are in conformity with this Policy. Those accepting gifts on behalf of Glenkirk shall follow the guidelines set forth in this Policy, particularly when negotiating or authorizing endowment agreements, trust agreements and other restricted gift agreements or deferred gift agreements. As stated in this Policy, certain types of gifts must be reviewed and approved by the Glenkirk Session prior to acceptance.

Once Glenkirk has accepted a gift, it becomes Glenkirk's property. From this point, the donor has no direct decision making power regarding the disposition of the gift.

A charitable gift is defined as a voluntary transfer of assets from a person or an organization to Glenkirk where no goods or services are expected, implied or forthcoming for the donor. Grants may have expectations on behalf of the donor as to expected use of funds such as program delivery or development of property. Gifts and grants usually take the form of cash, securities, real property or personal property. The following criteria generally identify a gift:

- A gift is motivated by charitable intent.
- Gifts are irrevocable transfers of assets. The Glenkirk is not obliged to return unexpended funds. (If for some reason, Glenkirk is unable to comply with the donor's intent, or if the gift has been misdirected to Glenkirk, a return of gift may be issued at Glenkirk's discretion, less any out of pocket expenses. The Business Manager is authorized to approve the return of a gift of less than \$500. Any gift over \$500 to be returned must be approved by Session.
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the Glenkirk and the donor. However, certain gifts, grants or deferred gifts, as set out in this Policy, may be restricted to a specific purpose.

- Donors are not provided formal financial accountings. A general report to the donor stating the utilization or impact of the gift is appropriate, and may be desirable, especially in the case of memorial or scholarship gifts.
- A gift is not completed until it has been accepted by Glenkirk.

A gift may be either unrestricted or restricted to a general area of use that contributes to the benefit of Glenkirk. If the restriction(s) placed on the use of the funds contributed to Glenkirk have been rendered illegal, unreasonable or unable to be fulfilled, the gift should not be accepted. Restrictions shall be deemed unreasonable or unable to be fulfilled due to circumstances, including, but not limited to: the termination of a Glenkirk program or project; a surplus of funds available from other sources to fulfill the designated purpose; the insufficiency of the restricted funds to fulfill the designated purpose where no funds from other sources are available to supplement the restricted funds; and the designated purpose is no longer consistent with the mission of Glenkirk.

Glenkirk will accept only gifts that are consistent with the mission of Glenkirk.

Types of Gifts

Gifts are either outright or deferred. The most common gifts to Glenkirk are outright gifts. In addition to cash gifts, the Glenkirk accepts gifts of securities, real property and personal property. Deferred gifts, also called planned gifts, are arranged with Glenkirk during the donor's lifetime, but the benefits do not accrue until a later time, usually after the death of the donor or his/her beneficiaries. Bequests are the most common deferred gift. Other such gifts include naming Glenkirk as the beneficiary of a life insurance policy.

The following types of gifts that would be considered for acceptance are:

- Cash
- Bequests
- Retirement Plan Beneficiary Designations
- Life Insurance and Life Insurance Beneficiary Designations
- Securities or qualified appreciated stock
- Real Estate
- Remainder Interests in Real Property
- Tangible Personal Property
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts.
- Royalties and Distribution Rights
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Interests in Limited Liability Companies (LLC)

The following criteria govern the acceptance of each gift type.

Cash - Cash is acceptable in any form. Checks shall be made payable to "Glenkirk Church" or "Glenkirk".

Bequests - Donors and supporters are encouraged to make bequests to Glenkirk through their wills and trusts. Such bequests will not be recorded as gifts to Glenkirk until such time as the gift is irrevocable and Glenkirk has knowledge of such bequest. When the gift is irrevocable, but is not due until a future

date, the present value of that gift may be recorded at the time the gift becomes irrevocable. (Additional language may be included or a separate policy adopted that states that ___% of bequests fund an endowment account.)

Retirement Plan Beneficiary Designations - Donors and supporters of Glenkirk are encouraged to name Glenkirk as beneficiary of their retirement plans. Such designations will not be recorded as gifts to Glenkirk until such time as the gift is irrevocable and Glenkirk has knowledge of such designation. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Life Insurance – Members and supporters of Glenkirk will be encouraged to name Glenkirk as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to Glenkirk until such time as the gift is irrevocable and Glenkirk has knowledge of such designation or cash is received. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable

Securities – Glenkirk can accept both publicly traded securities and closely held securities.

Publicly Traded Securities - Marketable securities may be transferred to an account maintained at one or more brokerage firms or trust companies, commercial banks or delivered physically with the transferor's stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Glenkirk _____ Committee. In some cases applicable securities laws may restrict marketable securities. In such instance the _____ Committee shall make the final determination on the acceptance of the restricted securities.

Closely Held Securities - Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies or other ownership forms, can be accepted subject to the approval of the Session. However, gifts must be reviewed prior to acceptance to determine that there are no restrictions on the security that would prevent Glenkirk from ultimately converting those assets to cash if:

- The security is marketable; and
- The security will not generate any undesirable tax consequences for Glenkirk.

To be accepted, closely held securities must have a qualified appraisal performed by an independent professional appraiser generally at the expense of the donor. 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. Following advice by legal counsel, the Session shall make the final determination on the acceptance of closely held securities. Every effort will be made to sell closely held securities as quickly as possible. If not immediately marketable, the stock will be kept in the safe deposit box until they can be redeemed.

Real Estate - Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. The real estate being gifted must be titled to the donor(s). A title binder shall be obtained by Glenkirk prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of real estate, donor is requested to advise Glenkirk of any environmental issues that may be readily identified. Glenkirk may require an initial environmental review of the property to ensure that the property has no environmental damage. Session may, at its own discretion, waive the environmental inspection requirement. In the event that the initial inspection reveals a potential problem, Glenkirk shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor, although Glenkirk will consider such expense. Prior to acceptance of the real property by Session, the

gift should be review by Glenkirk's Legal Counsel and by the Property and Finance Committee. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of Glenkirk?
- 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, if required, reflect that the property is not damaged?

Remainder Interests in Property - Glenkirk will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of these policies. 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, Glenkirk may use the property or reduce it to cash. Where Glenkirk 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.

Tangible Personal Property - All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property assist in the fulfillment the mission of Glenkirk?
- 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?
- Can the property be sold easily?
- Are there costs associated with transportation, storage, selling, maintenance and repair for the property?

The Business Manager will make the final determination on the acceptance of other tangible property gifts.

Charitable Gift Annuities - Glenkirk may offer charitable gift annuities. Gift annuity rates will be based on the current gift annuity rates in force as adopted by the American Council on Gift Annuities. The minimum gift for funding is \$10,000. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments are normally made on a quarterly schedule, although Glenkirk's Business Manager may approve exceptions to this payment schedule. Glenkirk will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Glenkirk may accept real estate, tangible personal property, or other illiquid asset- subject to the conditions set forth for these kinds of gifts in these policies -- in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Session approves the gift arrangement. Currently, all gift annuities shall be reinsured through a reputable provider of such services.

Charitable Remainder Trusts - Glenkirk may accept designation as remainder beneficiary of a charitable remainder trust at any time without the approval of the Session. It is the stated policy that Glenkirk will accept appointment as trustee of a charitable remainder trust only under the following conditions:

- That Glenkirk has at least a 75% beneficial interest as the remainderman of these trusts, with the trust having a minimum value of \$200,000

- That Glenkirk not generally accept real estate or interests in limited partnerships as assets for the creation of these trusts; exceptions, however, can be made depending on the nature of the gift/trust.
- That the Session accept the trust only after thorough review of the proposed trust by the Legal Counsel Glenkirk.
- If such trusteeship is accepted, Glenkirk may serve directly as trustee or appoint a trustee. For example, Glenkirk may contract with a trust company as its agent, paying the same fees as it may normally receive as a trustee.

Charitable Lead Trusts - Glenkirk may accept a designation as income beneficiary of a charitable lead trust at any time. However, the Session of Glenkirk will not accept an appointment as trustee of a charitable lead trust.

Royalties and Distribution Rights – Glenkirk may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. The Session will determine whether such a gift should be accepted after receiving a qualified appraisal, the cost of which shall generally be borne by the donor.

Oil, Gas, and Mineral Interests - Glenkirk may accept oil, gas and mineral interests, when appropriate. Prior to acceptance of such interests, the gift shall be approved by the Session, and if necessary, by Glenkirk'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 there is no current or potential exposure to environmental liability.

Bargain Sale – Glenkirk will enter into a bargain sale arrangement in instances only when it furthers the mission and purposes of Glenkirk. All bargain sales must be reviewed and approved by the Session. Factors used in determining the appropriateness of the transaction include:

- Obtaining an independent appraisal to substantiate the value of the property.
- Determining that if Glenkirk assumes debt with the property, the debt ratio is less than 50% of the appraised market value.
- Determining that there is a market for sale of the property, allowing sale within 12 months of receipt.
- Calculating the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

Interests in Limited Liability Companies (LLC) and Partnership Interests - Prior to approval of gifts of any other limited partnership interests or interests in an LLC, all relevant partnership and LLC agreements will be reviewed by Legal Counsel with particular attention given to the activity of the partnership/LLC and how allocations are made. Further, the underlying assets and liabilities of the partnership/LLC will be reviewed. The Session will approve these gifts. Glenkirk does not accept gifts of general partnership interests.

Disposition of Stocks and Property

Glenkirk retains the right to immediately sell all gifts of stock or property so that it can invest the proceeds in accordance with Glenkirk's investment policy.

Glenkirk recognizes that the donor must have donative intent when providing non-cash gifts and accept the gift's fair market value as determined by Glenkirk. Otherwise, there is the potential for disappointment and discrepancy between the amount of the gift reported by the donor on IRS Form 8283 and the sale proceeds reported later Glenkirk on IRS Form 8282. Under no circumstances will Glenkirk agree to hold properties for more than two years if the donor's primary intent for such a provision is to circumvent IRS requirements.

Appraisals

All appraisals of real and personal property contributed to Glenkirk shall be done in accordance with IRS Publication 561, *"Determining the Value of Donated Property."* A real property valuation should be prepared by an certified appraiser. Personal property should be appraised by a qualified appraiser acceptable to Glenkirk. Expenses incurred to obtain an appraisal shall generally be the responsibility of the donor.