

# Gift Acceptance Policy of Montreat Presbyterian Church

## Background.1

<sup>1</sup> *Understanding And Drafting Nonprofit Gift Acceptance Policies*, © 2000, 2001, 2002, 2003 Kathryn W. Miree & Associates, Inc. P. O. Box 130846, Birmingham, Alabama 35213.

Gifts to non-profits range from cash to real property to small items of personal property. Often gifts which are accepted by a non-profit are done so through a sense of obligation to the giver and without an understanding of the burden such gifts may place on the non-profit. Cash, stocks and other securities which may be easily converted to cash, are usually the preferred gifts for non-profits. Other less convertible items should be evaluated based on a cost-benefit analysis: simply put, is the benefit of the gift to the non-profit worth the cost the non-profit may incur from accepting the gift?

The policy established here sets forth the process of evaluating gifts in the form of personal property. Gifts of cash, convertible securities, and real property are not addressed within this policy.

## **The purpose and role of gift acceptance policies.**

The gift acceptance policy established here for the Montreat Presbyterian Church benefits the church in several ways.

- The policy defines the types of personal property gifts that are acceptable.
- The policy sets forth the process of evaluating gifts.
- The policy defines the role of each of the church's entities in gift administration.

The intent of the gift acceptance policy is to establish consistency in the gift acceptance process and provide avenues for restraint in accepting gifts that may cause undue or unanticipated burden to the church in terms of time, money, and, possibly, reputation. At the same time the gift acceptance policy promotes the thorough evaluation of gifts, taking into account intangible as well as tangible benefits that may accrue with the gift. Gifts that may, on the surface, not benefit the church may, on further evaluation, have some intangible benefit that may outweigh the costs associated with accepting the gift. On the other hand, a gift that on initial consideration seems perfectly reasonable to incorporate into the activities of the church may impose an unacceptable burden in maintenance, upkeep, insurance, or simply lack of use over time. This gift acceptance policy assists the Board of Trustees, staff, and other interested entities in working through the practical issues of gift acceptance to arrive at decisions which are in the best interests of all concerned.

The gift acceptance policy will strengthen and center the process on the core concerns of the church regarding gifts: will the gift support and promote the activities of the church? By having a policy in place, Board members, staff, and other volunteers who have limited experience in evaluating gifts can better understand the benefits and costs of individual gifts and make informed decisions based on the collective evaluation of interested groups without the distraction of personal bias or undue pressure of external factors.

## **Gift Acceptance Policy Approval and Review.**

Montreat Presbyterian Church, a not for profit organization organized under the laws of the State of North Carolina, encourages the solicitation and acceptance of gifts to Montreat Presbyterian Church (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.

The mission of the Montreat Presbyterian Church is:

In the fellowship of Jesus Christ we  
Listen for the word of God in our lives  
Love with open hearts and open minds  
Walk the path of faith together  
Serve others and  
Welcome all.

### **I. Purpose of Policies and Guidelines**

The Board of Trustees of Montreat Presbyterian Church and its staff may accept gifts of personal property (hereinafter called gifts) from individuals, corporations, and foundations to assist with the future growth and mission of the Church. 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 or services.

### **II. Use of Legal Counsel**

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

- A. Documents naming the Church as Trustee.
- B. Gifts involving contracts, such as bargain sales or other documents requiring the Montreat Presbyterian Church to assume an obligation.
- C. Transactions with potential conflict of interest that may invoke IRS sanctions.
- D. Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

### **III. Conflict of Interest**

Montreat Presbyterian 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.

### **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 Church mission, 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 Gift Acceptance Committee of the Church.

## **V. The Gift Acceptance Committee**

The Gift Acceptance Committee shall consist of:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

The gift acceptance committee is charged with the responsibility of reviewing all gifts made to Montreat Presbyterian Church, properly screening and evaluating gifts, accepting or rejecting gifts, and forwarding such decisions to the church council. Each member of the Gift Acceptance Committee shall execute the Conflict of Interest Statement exhibited at the end of this document.

## **VI. Types of Gifts**

The following gifts are acceptable:

- Tangible Personal Property
- Bargain Sales

The following criteria govern the acceptance of each gift form:

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

- Does the property contribute to 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 gifts shall be made by the Gift Acceptance Committee of the Montreat Presbyterian Church.

2. Bargain Sales: A bargain sale constitutes a gift which in itself may not be an acceptable gift, but which has residual value when sold, proceeds of such sale to benefit the church. 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 approved by the Gift Acceptance Committee. Factors used in determining the appropriateness of the transaction include:

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

## **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 (when required) and consult with independent legal counsel (when required) for all gifts made to the Church.

B. Valuation of gifts for development purposes: The Church will record a gift received by the Church at its valuation for gift purposes on the date of gift.

C. Responsibility for IRS Filings upon sale of gift items: The Gift Acceptance 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.

D. Acknowledgement of all gifts made to the Church and compliance with the current IRS requirements for acknowledgement of such gifts shall be the responsibility of the Gift Acceptance Committee.

## **VIII. Gift Acceptance Committee Gift Evaluation Process**

A. Gifts to the church may come in many forms and donors may communicate their intent to any member or congregant of the church. Typically, a member of the staff will be made known of the intent to give a gift. Occasionally, members of church council will be notified by a donor of the intent to give a gift. However the intent is made known to the church, the church administrator (i.e., the pastor) shall be informed. The church administrator will communicate with the donor, if necessary, and document the gift with at least the following information.

- a. The full name and address, phone number, and e-mail address of the donor and the donor's relationship to the church.
- b. A complete description of the gift.
- c. The date the offer of the gift was made.
- d. The estimated or appraised (specify which) value of the gift. If a formal appraisal has been submitted, a copy of the appraisal shall be included with the documentation.
- e. Restrictions or requirements, if any, placed by the donor or the donor's family, organization, or group upon the use or disposition of the gift by the church.
- f. Time period restrictions, if any, placed by the donor or the donor's family, organization, or group upon the church with respect to the acceptance or non-acceptance decision by the church.
- g. Current status of the gift, e.g., if tangible property, the location of the property.
- h. The date the documentation was prepared.
- i. The full name and position of the documentation preparer.
- j. Any other information regarding the gift that the donor, staff member, church member, or church congregant wants the Gift Acceptance Committee to consider in evaluating the gift.

B. The church administrator shall forward this documentation in writing to the session within seven calendar days of the documentation's preparation. Such transmittal may be done by e-mail or physical document with appropriate confirmed communication to the clerk of session, or in case of the clerk's unavailability, the treasurer of the church. In either case, a physical copy of the documentation will be provided to the clerk of the session.

C. Within two regularly scheduled meetings of the session, the session shall designate the members of the Gift Acceptance Committee, as defined above, and shall direct the Gift Acceptance Committee to assemble and consider the gift; such assembly to take place not later than 30 calendar days after being so directed by the Board. If there is any delay in convening the assembly of the Gift Acceptance Committee beyond 30 calendar days, the reason(s) for such delay and when such assembly is scheduled in the future shall be documented in writing and forwarded to the clerk of the session and the church administrator. The session may accept the date of assembly or designate alternate members of the Gift Acceptance Committee who shall be directed

to assemble within the initial 30 calendar day period to consider the gift. Such decision will be communicated to the church administrator.

D. Church administrator responsibilities prior to assembly by the Gift Acceptance Committee:

a. Tangible property. Concurrent with the direction of the session to the Gift Acceptance Committee to assemble, the church administrator will circulate among staff and other concerned parties, a description of the gift and a request that the recipient reply to the church administrator, in writing, how the gift may now or in the future benefit the recipient or any function with which the recipient has purview. Such reply must be received by the church administrator no later than seven days prior to the date when the Gift Acceptance Committee will assemble. The church administrator will compile any and all replies and forward them to the Gift Acceptance Committee prior to the date of assembly.

b. Bargain sale. Concurrent with the direction of the session to the Gift Acceptance Committee to assemble, the church administrator will request a formal, independent (not associated with the donor in any way) appraisal of the value of the gift. Such request will be from an individual or organization with the necessary qualifications to perform such an appraisal. When possible, such appraisal will be made pro bono, without expense from the appraiser. If it is not possible to obtain the appraisal with no expense from the appraiser, the church administrator will obtain a good faith quote from the appraiser and request that the donor bear the expense of the independent appraisal. If the donor declines to bear the expense of the appraisal, the church administrator will determine if such expense shall be allocated to the general operating budget of the church; if not, the gift shall be formally declined forthwith with notification from the church administrator to the donor; if so, the church administrator will take necessary steps to ensure such allocation is made. If an appraisal is approved, the church administrator will request that such appraisal be completed and forwarded to the church administrator no later than seven days prior to the date when the Gift Acceptance Committee will assemble.

E. The Gift Acceptance Committee will meet to evaluate and determine if the gift is to be accepted by the church or declined. Gifts covered by this policy fall into two categories: tangible property and bargain sales.

a. Tangible property. The Gift Acceptance Committee will review all available documentation about the donation of the gift and evaluate the gift according to the following criteria:

- i. Does the property contribute to the mission of the Church?
- ii. Is the property marketable?
- iii. Are there any undue restrictions on the use, display, or sale of the property?
- iv. Are there any carrying costs for the property?

b. Bargain sales. The Gift Acceptance Committee will review all available documentation about the donation of the gift and evaluate the bargain sale according to the following criteria:

- i. The independent appraisal, obtained by the church, substantiating the value of the gifts will be evaluated.
- ii. If the Church assumes any debt associated with the gift, the debt ratio must be less than 50% of the appraised market value.

iii. The Church must use the gift or there must be a market for sale of the gifts allowing sale within 12 months of receipt.

iv. The costs to safeguard, insure, and expense the gifts (including property tax, if applicable) during the holding period must be acceptable.

F. The Gift Acceptance Committee will designate one of the members to record the minutes of the meeting. The recorded minutes of the meeting and the determination of acceptance or non-acceptance of the gift and the reasons thereto will be forwarded in writing to the session.

G. Decisions made by the Gift Acceptance Committee shall be made by consensus or by public vote. If by vote, the tally to accept a gift must be made by a majority of the members. The GAC moderator will forward the results of the Gift Acceptance Committee's decision to the church council. The decision of the Gift Acceptance Committee shall be final.

## **IX. Changes to Gift Acceptance Policies**

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

Approved on the 18th day of November, 2014.

**Conflict of Interest Statement**

As a member of the Gift Acceptance Committee of the church, I, \_\_\_\_\_, am committed to the church’s goal to establish and maintain the highest level of public confidence in its accountability. I have personally committed to follow the standards set out below, which are a part of the church’s Gift Acceptance Committee conflict of interest policies:

1. I will conduct my activities with the Gift Acceptance Committee of the church so that I do not advance or protect my own interests, or the private interests of others with whom I have a relationship, in a way that is detrimental to the interests of or to the fundamental mission of the church.
2. In every instance in which I represent the church I will conduct my activities in a manner to best promote the interests of the church.
3. In all matters that come before the Gift Acceptance Committee for a vote that may favorably impact my own financial interests, or the private interests of others with whom I have a financial relationship, I will reveal that relationship and abstain from a vote in the matter.
4. When a conflict of interest arises, or when a potential conflict of interest emerges, I will disclose that conflict or potential conflict to the \_\_\_\_\_ of the \_\_\_\_\_ and seek a resolution of that issue.

Signature \_\_\_\_\_

Entered into on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.