

## TRINITY EPISCOPAL CHURCH

### **GIFT ACCEPTANCE POLICY AND GUIDELINES**

**June, 2011**

#### Purpose:

Trinity Episcopal Church of Lawrence, Kansas (hereinafter referred to as "Trinity"), a not for profit organization under the laws of the State of Kansas, encourages the solicitation and acceptance of current and deferred gifts for purposes that will help Trinity further and fulfill its mission. It is the purpose of this policy and guidelines to govern the acceptance of gifts made to Trinity, and to provide guidance to prospective donors and their advisors when making gifts. The provisions of this policy shall pertain to all gifts received by Trinity.

The Vestry must approve gift agreements that deviate from this policy. This policy should be reviewed by the Vestry annually.

This policy is intended as a guide and allows some flexibility on a case-by-case basis. However, it is expected that the gift review process outlined here will be followed closely.

#### Gift Review and Acceptance Policy:

Questions that may arise in the review and acceptance of gifts to Trinity will be referred to the Vestry. The Vestry may choose to delegate the matter to the Finance Committee, or to the Endowment Committee, as appropriate.

Unless specific purposes or restrictions are set forth in a written instrument acceptable to the Vestry and signed by the donor(s), the Vestry may assume that the gift is for the general purposes of the organization and may be expended in the discretion of the Vestry for general operating purposes.

#### Final Determination of Gift Acceptance:

The Vestry reserves the right to decline to accept any gift that does not further the mission and goals of Trinity. Any gift that would create an administrative burden or cause Trinity to incur excessive expenses may also be declined by the Vestry.

#### Cash:

1. All unrestricted gifts of cash, personal check, bank draft or certified check shall be accepted by Trinity regardless of the amount. Any question concerning the intent of the gift shall be raised at the time the gift is offered and resolved before the gift is accepted in accordance with the process described in the foregoing section on Gift Review and Acceptance.
2. Checks shall be made payable to Trinity Episcopal Church or the Trinity Interfaith Food

- Pantry. In no event shall a check be made payable to an individual who represents Trinity.
3. Cash and checks will be delivered to Trinity's offices at 1027 Vermont Street, Lawrence, Kansas.

#### Publicly Traded Securities:

1. Readily marketable securities, such as those traded on a public stock exchange, may be accepted.
2. For gift crediting purpose, the value of the gift of publicly traded securities is the average of the high and low prices on the date of the gift; or such other method as may be directed by the US Treasury Regulations from time to time for determining the value of charitable gifts under the Internal Revenue Code.
3. A gift of marketable securities will normally be delivered directly to an investment broker designated by Trinity, for immediate liquidation. Any deviation from the policy of immediate sale of gifted marketable securities must be approved by the Vestry in advance of acceptance of the gift.

#### Closely Held Securities:

1. Non-publicly traded securities may be accepted only after prior consultation with the Vestry.
2. Prior to acceptance, the Vestry may consult with the Endowment Committee and its investment manager, in order to explore methods and timing of liquidation of these securities through redemption or sale. They will determine:
  - An estimate of the fair market value made by a qualified appraiser in accordance with the regulations of the Internal Revenue Service;
  - Whether there is any restriction on transfer that would prevent Trinity from ultimately converting the assets to cash;
  - If the acceptance or the sale of the security would generate any undesirable tax consequences for Trinity;
  - Whether and when an initial public offering might be anticipated.
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.
4. Any costs associated with the appraisal or transfer shall be the responsibility of the donor.

Final decisions on the acceptance of a gift of closely held securities will be made by the Vestry, with the advice of legal counsel, a qualified investment manager, and/or Trinity's financial accountant, as necessary.

#### Real Estate:

1. An offer of a gift of real estate must first be reviewed by the Vestry before any action is taken.
2. The donor normally is responsible for obtaining and paying for a qualified appraisal of the property. This appraisal will be performed by an independent, licensed real estate appraiser.
3. Trinity reserves the right also to require, at the donor's expense, an environmental appraisal of

the potential real estate gift, and a satisfactory report of this appraisal.

4. Depending on the value and desirability of the gift, the donor's connection with Trinity, and the donor's past record of charitable giving, the donor may be requested to pay for all or a portion of the following:

- Maintenance costs
- Real estate taxes
- Insurance
- Real Estate broker's commission and other costs of sale
- Appraisal costs

No gift of real estate will be accepted until all mortgages, deeds of trust, liens, and other encumbrances have been discharged. Any exceptions to this policy must be approved by the Vestry. The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues, transfer charges, taxes and insurance must be disclosed by the donor. A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be provided to the Vestry. Trinity will acknowledge receipt of the gift once the property has been properly recorded in the local Recorder of Deeds office. Trinity will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at donor's expense, a qualified appraisal required by the IRS.

Unless the Vestry directs otherwise, Trinity's policy will be to dispose of all gifts of real estate as quickly as possible. Regardless of the value placed on the property by the donor's appraisal, Trinity will attempt to sell the donated property at a reasonable price in light of current market conditions.

#### Life Insurance:

1. A proposed *inter vivos* gift of a life insurance policy must first be referred to the Vestry before any action is taken. Designation of Trinity as a beneficiary of a life insurance policy will not require advance referral.
2. Trinity may accept a life insurance policy as a gift only if Trinity is named as the owner and irrevocable beneficiary of 100 percent of the policy proceeds.
3. If the gift is a paid-up policy, the value of the gift for crediting purposes is the actual cash value of the policy.
4. If the policy is partially paid-up, the value for gift crediting purposes is the policy's cash surrender value. (Note: For IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)
5. Trinity will not enter into any arrangement with any agent, agency, or insurance company for the purpose of selling life insurance contracts for the benefit of Trinity.
6. Trinity is not obligated to continue making premium payments on any life insurance policy transferred to it.

Tangible Personal Property:

1. Any proposed gift of tangible personal property shall be referred to the Vestry prior to acceptance.
2. A gift of jewelry, artwork, collections, antiques, equipment and software shall be assessed for the value that may be realized either by being sold or being used in connection with the exempt purpose of Trinity.
3. Depending on the anticipated value of the gift, a qualified outside appraiser may be asked to determine, at the cost of the donor, the value of the proposed gift.
4. Trinity shall observe all IRS requirements relating to the disposing of gifts of tangible personal property and will provide appropriate form of acceptance to the donor and to the IRS.

Unless the Vestry directs otherwise, gifts of tangible personal property will be sold as quickly as market conditions permit.

Deferred Gifts:

Trinity encourages deferred gifts in its favor through a variety of gift planning vehicles available through The Episcopal Church Foundation or other financial planning agencies:

- a. Charitable Gift Annuity (or Deferred Gift Annuity)
- b. Pooled Income Fund
- c. Charitable Remainder Trust
- d. Charitable Lead Trust
- e. Bequests in Wills
- f. Retained Life Estate

Neither Trinity nor its staff members shall act as an executor (or personal representative) for a donor's estate. Neither Trinity nor its staff members shall act as trustee or co-trustee of a Charitable Remainder Trust of which Trinity is a beneficiary. When appropriate, prospective donors are encouraged to take advantage of the services offered by the Episcopal Church Foundation in establishing planned gifts.

When Trinity provides donors gift planning illustrations or form documents, these will be provided free of charge. For any document related to a planned gift, all materials, illustrations, letters or other correspondence shall contain the following disclaimer: **We strongly urge that you consult with and request your own attorney, financial and/or tax advisor to review and approve this complimentary information. This information in no way constitutes legal or tax advice. We will gladly work with your independent advisors to assist in any way.**

All information obtained from or concerning donors or prospective donors shall be held in the strictest confidence by Trinity, the Vestry, staff, officers and volunteers. Neither the name, the amount nor the conditions of any gift shall be published or made public without the express written or oral consent of the donor and/or beneficiary. Furthermore, Trinity shall not sell, rent, or exchange names of donors to any company, organization, or person not explicitly affiliated with the Episcopal Church in the United States.

Trinity will seek qualified professional counsel in the exploration of all planned gift agreements.

#### In Kind Goods and Services:

Gifts that reduce the cost of maintaining, equipping, or furnishing Trinity Episcopal Church and meet the needs of Trinity will be considered for acceptance. Gifts in kind are tangible gifts other than cash, marketable or privately held securities or real property. Gifts of services are contributions or actual, billable service directly related to the business or profession of the provider. For donor recognition purposes, gifts in kind of goods will be valued at the estimated fair market value. Gifts of services will be recorded as the amount of expenses invoiced but not payable. Evidence of a gift of service will be a voided or canceled invoice stating the date, type of service rendered, quantity cost, total cost, and amount to be contributed or forgiven.

#### Responsibility to Donors:

In all matters involving donors or prospective donors, the interests and concerns of a donor's personal financial position take priority over the contribution to Trinity. No agreement shall be made between Trinity and any person, agency, company, or organization on any matter, whether investment management, or otherwise, which would knowingly jeopardize a donor's interest.

No personnel employed by and no volunteers working on behalf of Trinity shall receive commissions that would give such staff or volunteers a personal direct beneficial interest in any agreement with a donor.

#### Bequests:

Allocation decisions regarding unrestricted bequests will be made by the Vestry, upon the recommendation of the Finance Committee. A donor's wishes regarding the use of a restricted bequest will be honored to the extent possible and appropriate, subject to its acceptance by the Vestry.

### Restrictions on Gifts:

Trinity may accept restricted gifts and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. Trinity may not accept gifts that are too restrictive in purpose, such as gifts that are inconsistent with or outside the scope or intent of Trinity's mission and gifts that are too difficult or costly to administer. The Vestry will make all final decisions on the restrictive nature of a proposed gift, and its acceptance or refusal by Trinity. Trinity reserves the right to refuse any gift.

### Finance Committee:

The Vestry may choose to delegate to the Finance Committee or the Endowment Committee the responsibility of reviewing proposed gifts to Trinity, properly screening those gifts, and making recommendations to the Board on gift acceptance issues where appropriate.

### Legal and Financial Counsel:

Prospective donors will be advised to consult with counsel of their choice in all matters related to gift instruments such as drafting of wills, trust agreements, contracts, or other documents. Donors will be advised to consult with their attorney or accountant on matters related to the tax implications of any gift agreement. Trinity shall consult with its legal counsel in all matters pertaining to its gift program, and shall execute no agreement, contract, trust or other legal document with any donor without the service of legal counsel.

### Compliance:

All donations to Trinity will be acknowledged and receipted in accordance with IRS requirements. Specifically, receipts shall include the following information as applicable:

- The amount of the donation if made in cash
- A description of any property donated (including securities)
- A statement that Trinity provided no goods or services as consideration for the contribution; OR
- A description and good faith estimate of the value of the goods and services provided to the donor, as applicable.

Attachment to Gift Acceptance Policy and Guidelines

February 6, 2015

Per Auditor Jim Long, CPA:

Once a donor has given a gift of money, he/she loses control over how it is spent, **unless** there is a written document detailing how he/she wished it to be spent.

**Any donor restrictions should be in writing.** Then, Trinity complies with the donor's request(s). If there are **no restrictions** on the money donated, then Trinity can do with the funds as Trinity wishes.

Once a donation is made, there can be no changes to its restrictions. The donor may ask for a listing of how the money is spent, which should be covered as part of the donation document at the time the donation is made. If the donor wants too much control over his/her donation, and that control has not been specified in the donation document at the time of the donation, Trinity can decline the donation.