

# **CARMEL UNITED METHODIST CHURCH GIFT ACCEPTANCE POLICIES AND GUIDELINES**

## **I. INTRODUCTION**

The Carmel United Methodist Church of Carmel, Indiana (the "Church" or "CUMC") encourages gifts that will provide funding to help the Church fulfill its mission. Our Judeo-Christian heritage leads to an understanding of stewardship as the responsible gratitude and relationship of trust for all of God's many blessings. In order to ensure that such ideals are pursued for all gifts to be received whether as donee or trustee, Carmel United Methodist Church (CUMC) commits itself to responsible administration of all gifts. CUMC understands this commitment to include careful examination of the actual condition, use, and benefits of the gift taking into consideration all legal, ethical, and practical aspects. CUMC understands these considerations to be necessary steps toward the fulfillment of its own stewardship commitments, as well as those of the prospective donor. With regards to gifts to the Endowment Fund, this Gift Acceptance Policy is subject to the guidelines and policies of the CUMC Endowment Fund Charter.

The purpose of establishing these policies and guidelines (hereinafter "Gift Policies") is to maintain and preserve the integrity of the Church and minimize the acceptance of gifts that will not assist the Church in fulfilling its mission. In addition, these Gift Policies are intended to provide guidance to prospective donors and their advisors when making gifts to the Church. Accordingly, all gifts to the Church or the CUMC Endowment Fund ("Endowment Fund" or "Fund") shall be governed by these Gift Policies and in the case of the Endowment Fund; gifts will also be subject to the CUMC Endowment Fund Charter. Memorial gifts are also subject to this Gift Policy and Appendix 2 (Memorial Gifts Policy) of this document. The Church retains the right to accept or reject any proposed gift and no gift shall be deemed accepted until accepted in accordance with these Gift Policies.

The Church shall ask the donor of any property to pay for all costs (as customary) associated with the transfer of property to the Church, such as recording fees, transfer taxes, due diligence investigations, and other transfer fees. In appropriate circumstances, the Church 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 the Church 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.

While the Church is committed to honor restrictions and designations upon acceptance, donors should be advised that the restriction or designation is subject to alteration if the original purpose of the gift becomes obsolete, irrelevant to the continuing needs of the congregation, falls into

disrepair, or is otherwise no longer appropriate due to the passage of time. In that event, the Board of Trustees and/or Endowment Committee shall endeavor to amend the restriction or designation in a way that reflects as closely as possible the original intent of the donor or designator. The Church will make every attempt to contact the original donor(s), if still living, to get their counsel as to how they would like to have their gift redirected in the event the original purpose falls into any of the categories outlined above in this paragraph. Donors should be advised and agree to this policy of review at the time of the donation or designation.

Gifts already received and designated for Church operations, a ministry, program or campaign (i.e. Stewardship Campaign, Capital Campaign, etc.) cannot be redirected by the donor to another ministry, program or campaign.

### III. PROCEDURE FOR ACCEPTANCE OR REJECTION

**Senior Pastor/Church Business Administrator Authority.** All prospective unrestricted and restricted cash gifts and/or gifts of publicly traded securities to the Church or Endowment Fund (except restricted gifts to the Endowment Fund that create new accounts or funds) shall be reviewed and may be accepted by the Senior Pastor or Church Business Administrator. The Senior Pastor or Church Business Administrator may delegate their authority to another CUMC Staff person on an as needed basis.

**Board of Trustees Authority.** All restricted gifts and prospective gifts to the Church (non-Endowment Fund Gifts, but includes real property gifts to the Endowment Fund) not involving cash or publicly traded securities, but which appear to be readily marketable, not subject to current or anticipated litigation, and which will benefit the mission of the Church, shall be reviewed and may be accepted by the Trustees. The Trustees shall follow these Gift Policies in accepting any prospective gift. Approval must be by two-thirds ( ) of the Trustees where a quorum is present.

**Endowment Committee Authority.** All restricted gifts and prospective gifts to the Endowment Fund that are (1) cash or publicly traded securities that create new accounts/funds or (2) gifts not involving cash, publicly traded securities or real property, but which appear to be readily marketable, not subject to current or anticipated litigation, and which will benefit the mission of the Church, shall be reviewed and may be accepted by the Endowment Committee. The Endowment Committee shall follow these Gift Policies and the CUMC Endowment Fund Charter in accepting any prospective gift. Approval must be by two-thirds ( ) of the Endowment Committee where a quorum is present.

**Governing Council Authority.** All other prospective gifts, including property of limited marketability or property involving liability or questionable benefit to the mission of the Church, shall be reviewed by either the Trustees (non-Endowment Fund Gifts and all gifts of real property) or the Endowment Committee (Endowment Fund Gifts only) and their recommendation, as the case may be, will be referred to the Governing 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 Governing Council may deviate from these Gift Policies if it determines that doing so is in the best interests of the Church. The Governing Council is authorized to retain and rely upon consultants, advisors, legal experts and others when

it deems such consultation is necessary. Approval must be by two-thirds ( ) of the Governing Council where a quorum is present.

**Donor Intention of Gift Forms.** The Senior Pastor or the Church Business Administer will evaluate all gifts, particularly significant and/or restricted gifts, and as appropriate encourage the donor to complete a Donor Intention of Gift form (Appendix 1) in order to: (1) insure an accurate understanding of the intent for the gift, (2) create a record to refer back to when clarification may be needed, (3) make the donor aware of the terms and conditions set forth in the Gift Policy and (4) determine if it is permissible to recognize the donor and/or gift.

Unless otherwise indicated, it will be presumed that a donor, or their authorized representatives, will permit public recognition of a gift. If a donor indicates a desire for anonymity or confidentiality, such requests should be made through the Donor Intention of Gift Form or in a separate writing and the Church will hold all gift and investment information in confidence. All requests for information will be honored only if the donor, or their authorized representatives approve, in writing, the release of information, or if a court has issued an order to the Church to that effect.

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

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

Cash is acceptable in any form. Checks should be made payable to the Carmel United Methodist Church (or any variant if the intent of the donor can be reasonably ascertained) and delivered to the Church Business Administrator or the Church Financial Secretary.

##### **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 Church Business Administrator/Church Financial Secretary or sent separately by certified mail. Securities held in street name can be transferred by the donor (e.g. wire transfer or similar electronic means) to the Church's current brokerage account or to a new account opened in the name of the Church. The Church Business Administrator or Church Financial Secretary shall assist in transferring any securities and in opening any new account. Unless otherwise directed by the donor and approved by the Endowment Committee, gifts of securities shall be liquidated as soon as possible.

**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 the Church from converting such security into cash within a reasonable time; and
2. The security will not generate any undesirable tax consequences to the Church.

### **C. Real Property**

Real property includes developed or undeveloped land, including residences, condominiums, 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 the Church. 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 Board of Trustees may accept gifts of real property in accordance with this section if they determine that there are no significant concerns or potential adverse consequences to the Church. In all other cases, the Board of Trustees shall make a recommendation to the Governing Council.

When the gift is to the Endowment Fund, the Endowment Committee will determine if the gift is in compliance with the CUMC Endowment Fund Charter prior to the review and determination by the Board of Trustees.

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 (i.e. property and liability insurance); and (7) a general itemization of any other income and carrying costs. The Church Business Administrator, Governing Council Chairperson and the Chair of Trustees 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 (as defined by the IRS) of the property and deliver it to the Church. 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 the Church with a professional estimation of the value of the property, against which the Church can measure any mortgage and potential liabilities.

Prior to acceptance of an interest in real property, the Church 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 the Church. 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 Board of Trustees may, but is not required to, waive the requirement. (In the event the Phase I Environmental Survey identifies potential problems, a Phase II Environmental Audit may be necessary that may include physical testing such as soil tests, etc.)

Prior to acceptance of an interest in real property, the Church 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, the Church shall generally obtain a title insurance policy, insuring title in the Church 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, the Church may conduct these activities and bear the costs in order to protect its own interests. 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. (The expenses associated with these reviews are generally tax deductible, but legal and tax professionals should be consulted).

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

1. Is the property useful for the purposes of the Church?
2. Is the property marketable? (usually within 12 months)
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 the Church to litigation or other expenses?

When the Church accepts a remainder interest in real property, following the life of one or more others, the Church 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, the Church may incur costs that protect the future value of the real property.

Upon an approval by two-thirds ( ) of both the Board of Trustees and the Governing Council, the Board of Trustees is authorized to retain and rely upon consultants, advisors, legal experts and others when it deems consultation is necessary.

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

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

***For Use by Church in its Mission.*** The Senior Pastor or Church Business Administrator may accept gifts valued at less than \$5,000 of tangible personal property that the Church will actually

use in fulfilling its mission. Gifts valued at equal to or greater than \$5,000 of tangible personal property must be approved by the Endowment Committee (Endowment gifts) or the Board of Trustees (non-Endowment gifts), as the case may be. Greater charitable tax deductions may be available for donors of tangible personal property that the Church uses in connection with the fulfillment of its mission and tax-exempt purposes. Only the Endowment Committee (Endowment gifts) or the Board of Trustees (non-Endowment gifts), as the case may be, may represent to a donor that the property will or will not be used by the Church in connection with the Church's mission for the requisite period of time.

***Not for Use by Church in its Mission.*** Tangible personal property that the Church 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 the Church staff can appropriately oversee the personal property.

#### **E. Charitable Trusts**

***Charitable Remainder Trusts.*** The Church 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 the Church in the future.

***Charitable Lead Trusts.*** The Church 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 the Church.

***Trustee of Charitable Trusts.*** The Church will not accept an appointment as trustee of a charitable remainder trust, but will suggest that the donor consider naming The United Methodist Foundation of Indiana or another institution recommended by the Endowment Committee or the Board of Trustees as the trustee. The Church, at its option, can accept an appointment as trustee of a charitable lead trust based upon its willingness and capabilities.

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

The Church may accept the designation as a beneficiary or contingent beneficiary of a donor's retirement plan. Unless unusual circumstances exist, such designation may be accepted by the Church Business Administrator.

#### **G. Life Insurance**

***Beneficiary Designation.*** The Church may accept the designation as a beneficiary or contingent beneficiary of a donor's life insurance policy. Such designation may be accepted by the Church Business Administrator.

***Gift of Policy.*** The Church 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 the

Church Business Administrator. Either the Endowment Committee (Endowment gifts) or the Board of Trustees (non-Endowment gifts), as the case may be, 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 the Church, 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, the Church may pay the premiums through policy loans, or the Church pay the premiums from other funds, as the Endowment Committee or the Board of Trustees determines is in the best interests of the Church.

#### **H. Bargain Sale**

The Church may enter into a bargain sale arrangement for securities or property, subject to applicable provisions of sections above and the bargain sale furthers the mission and purposes of the Church and/or the Endowment Fund as the case may be. (With this type of gift, the donor sells appreciated property or securities to Carmel United Methodist Church for less than the present fair market value. A charitable deduction is allowed for the difference between the sales price and the fair market value. The donor incurs capital gain only on the difference between the sales price and the cost basis allocated to the sale element. Benefits to the donor include a reduction in capital gains and a charitable gift tax deduction for the amount below fair market value. In many cases the Church or the Endowment Fund would borrow the purchase price and sell the asset upon receipt, profiting on the difference between purchase and selling price.)

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

Property donated to and accepted by the Church shall generally be sold or liquidated as soon as practical and the net proceeds invested in accordance with the Endowment Fund Investment Policy (Endowment gifts only).

#### **VI. MISCELLANEOUS TAX MATTERS**

The Church, 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 Board of Trustees (non-Endowment gifts) or the Endowment Committee (Endowment gifts), as the case may be, an appraisal qualified 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 Endowment Committee (Endowment gifts) or the Board of Trustees (non-Endowment gifts), as the case may be, 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 Endowment Committee or the Board of Trustees, however, shall generally not waive the

appraisal requirement if there is any question as to the authenticity or quality of the property donated.

Gifts will be acknowledged in a dated letter from the Church Business Administrator or Church Financial Secretary, as appropriate for the type of gift, which will include a description of the gift. There will be no appraisal, acknowledgement of appraisal, or determination of value offered in the acknowledgement process. The donor has sole responsibility to the Internal Revenue Service to determine the value of any accepted non-cash gift.

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, the Church Business Administrator or Church Financial Secretary shall sign an appropriately prepared IRS Form 8283 that a donor submits and shall retain a copy for Church records.

The Church shall comply with all reporting requirements under Section 6050L of the Internal Revenue Code. Generally, that section requires the Church to file an information report with the Internal Revenue Service (on IRS Form 8282) if the Church sells or disposes of the "charitable contribution property" within two years of its contribution to the Church. 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 Church Business Administrator or Church 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 the then current IRS requirements.

## VII. AMENDMENTS

This Gift Policy may be amended by a majority vote of the Governing Council and a majority vote of a Charge Conference.

## VIII. ADOPTION

This Gift Acceptance Policy was adopted by the duly authorized Charge Conference of the CUMC at a session held at Carmel, Indiana on the 21<sup>st</sup> day of August, 2017.

CUMC:

Attest:

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Printed Name: \_\_\_\_\_  
Presiding officer of the  
Charge Conference

Printed Name: \_\_\_\_\_  
Recording Secretary of the  
Charge Conference



Appendix 1

**Carmel United Methodist Church**  
**Donor Intention of Gift**

Name of Donor \_\_\_\_\_

Date of Gift \_\_\_\_\_ Gift Description \_\_\_\_\_

Check One: Gift can be recognized \_\_\_\_\_ Gift to be anonymous \_\_\_\_\_

Check One: Unrestricted \_\_\_\_\_ Restricted \_\_\_\_\_

Understood Intent of Gift and/or Restrictions on Use \_\_\_\_\_

\_\_\_\_\_

**Gift to be directed to:**

Endowment Fund

\_\_\_\_\_ Undesignated      \_\_\_\_\_ Building, Facilities, Property      \_\_\_\_\_ Missions

\_\_\_\_\_ Special Designated Funds (Newly created Endowment Funds require a × \$25,000 gift)

Non-Endowment Fund Gifts

\_\_\_\_\_ Operating Expenses Fund/Accounts      \_\_\_\_\_ Memorial Gift      \_\_\_\_\_ Missions

\_\_\_\_\_ Children's Ministry      \_\_\_\_\_ Youth Ministry

\_\_\_\_\_ Other \_\_\_\_\_

The donor may not revise restrictions or influence use of funds after they are gifted. While CUMC is committed to honor restrictions and designations upon acceptance, donors should be advised that the restriction or designation is subject to alteration if the original purpose of the gift becomes obsolete, irrelevant, etc. as outlined in the "Gift Acceptance Policy". The Church will attempt to contact the donor, if still living, to get their counsel as to how they would like to have their gift redirected.

I (We) have received and/or read the CUMC "Gift Acceptance Policy" and understand and agree that my gift is subject to the terms and conditions set forth in that policy.

Signature of Donor(s): \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

## Appendix 2

### **Carmel United Methodist Church Memorial Gifts Policy**

Memorial Gifts are given in recognition of a person's life or celebration of an event in a person's life.

When Memorial Gifts are received following the death of a member or a constituent, family members may suggest a specific use for the funds collected.

If the fund amount is less than the amount needed to cover the cost of the suggested item or ongoing maintenance of a suggested item is projected to be burdensome, the family will be contacted and given the option of covering the additional cost or suggesting another item.

All Memorial Gifts shall be dispersed or designated within twelve months of receipt.  
Options include:

Purchasing a specific item

Covering a budget expense

Depositing in Endowment Funds

Depending on the situation (i.e. requested use or designation for the gift), a "Donor Intention of Gift" form may be asked to be completed by the family. Based upon the specifics regarding the Memorial Gift, it may be reviewed under the guidelines and policies of the CUMC Gift Acceptance Policy.

Any questions or concerns should be directed to the Church Business Administrator.