

FIRST UNITARIAN CHURCH OF ST. LOUIS
GIFT ACCEPTANCE POLICY
(adopted February 10, 2014)

I. Purpose of Policies and Guidelines

- A. **Encouragement of Gifts.** First Unitarian Church of St. Louis (the “*Church*”) encourages the solicitation and acceptance of gifts to the Church for the purpose of furthering its mission. The Church strives to ensure the proper handling of all gifts made to the Church with competence, efficiency, integrity, and sensitivity.
- B. **Scope of Policy.** This Gift Acceptance Policy (“*Policy*”) shall govern acceptance of gifts made to the Church. This Policy governs (i) the evaluation and acceptance of gifts by the Church, and (ii) creation and administration of restricted funds held by the church.

II. Conflicts of Interest

In evaluating and accepting gifts, the Church shall avoid any conflict of interest and no one interested in the donation of a gift shall participate in its evaluation or acceptance. The Church shall 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 associated therewith.

III. Acceptance of Gifts and Donations

The Church may accept unrestricted gifts and gifts for specific programs and purposes (“*restricted gifts*”). The Finance Committee of the Church is charged with the primary responsibility of reviewing all gifts made to or offered to the Church, properly screening those gifts pursuant to this Policy, and making recommendations to the Church Council on gift acceptance issues, when appropriate. All funds raised by the Church and gifts accepted by the Church shall be held, administered, and distributed in accordance with all Church Policies regarding the acceptance, investment, expenditure, and administration of Church funds.

IV. Unrestricted Gifts.

- A. **Acceptance of Unrestricted Gifts.** The Church may accept any unrestricted gift in accordance with this Policy. All unrestricted gifts shall be added to the Church’s General Fund, unless the Church Council, on recommendation by the Finance Committee, provides otherwise at the time of the gift’s acceptance.
- B. **Separate Unrestricted Funds.** With approval of the Church Council, upon recommendation by the Finance Committee, committees and other entities within the church (such as the Women’s Alliance), may maintain separate funds to hold unrestricted gifts, such as the Op Shop Fund and Bookstore Fund.

1. Unless specifically provided otherwise by the Church Council, these funds shall be held and administered with all of the other Church's funds.
2. In the event that a fund is not administered as part of the Church's other funds, then the entity or committee holding those funds shall adhere to all policies of the Church regarding the holding, investing, and expenditure of those funds, and shall present to the Finance Committee complete records of the activity of those funds every six months.

V. **Restricted Gifts and Restricted Funds**

A. **Acceptance of Donor Restricted Gifts.** The Church may accept restricted gifts, provided that such gifts are not inconsistent with its stated mission, purposes, priorities, and these polices. Factors to be considered by the Church in its evaluation of restricted gifts and the establishment and evaluation of restricted funds shall include:

1. Does the proposed gift and its restrictions violate the terms of the Church's Articles of Incorporation, bylaws, or any Church Policy?
2. Does the proposed gift and its restrictions facilitate the mission of the Church?
3. Is the size of the proposed gift large enough to justify administering the gift subject to the proposed restrictions?

B. **Council Restricted Funds.** The Church Council may create restricted funds for various purposes (a "*Council Restricted Fund*"). Each Council Restricted Fund shall be created by written action of the Church Council which clearly sets forth its purpose and nature and shall be funded from the Church's general fund, general revenue, or unrestricted gifts. Funds may be partially Donor restricted and partially Council restricted, in which event the accounting records of the Church shall be kept that are sufficient to determine the amounts of the Fund that are either Council Restricted or Donor Restricted. The Church Council may from time to time alter or eliminate restrictions on any Council Restricted Fund or part of a fund that is so restricted.

C. **Restricted Gift Funds and Donor Agreements.** All restricted gifts or funds shall either be (i) contributed to an existing restricted fund with a stated purpose or a new restricted fund approved by the Church Council, or (ii) subject to a written donor agreement approved by the Church Council. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, and the establishment of restricted funds shall be made by the Church Council, on recommendation by the Finance Committee.

D. **Restricted Funds, Establishment and Types.** A separate account shall be established on the books and records of the Church for any funds received by the

Church that are restricted by the donor(s) (either expressly by a donor or because the funds were donated for a specific purpose as established by the Church in accordance with this policy) or by the Church Council. The acceptance of any restricted gift and the creation of a new restricted fund shall only be made as authorized by the Church Council on recommendation of the Finance Committee. There shall be two major types of restricted funds.

1. **Total Fund.** The first type of restricted fund is one from which the entire fund, both principal and the return on principal, may be spent (a “*Total Fund*”). A Total fund shall be held and invested with all other Church funds. Expenditures from a Total Fund shall be made in accordance with Church policy.
 2. **Endowed Fund.** The second type of fund is a restricted fund from which only the return on principal may be spent (an “*Endowed Fund*”). An Endowed fund shall be held and invested with all other Church funds. Expenditures from a Total Fund shall be made in accordance with Church policy applicable to Endowed Funds.
 3. **Fund Expenditures.** Upon the establishment of a restricted fund, the Church Council, on recommendation of the Finance Committee, shall also designate whether expenditures from the fund will be made by the Church Council acting alone on recommendation of the Finance Committee (a “*Council Directed Fund*”), by a specific committee of the church (a “*Committee Directed Fund*”), or by a minister or an elected officer of the Church (“*Minister Directed Fund*”). The Church Council must approve all expenditures from Committee Directed Funds and from Minister Directed Funds either (i) prior to the expenditure, or (ii) ratified after the expenditure, which may include an approval of the expenditure in a periodic financial statement submitted of the Committee or the Minister. The Church Council may delegate its authority under this paragraph as appropriate.
- E. **Evaluation of Restricted Funds.** The Finance Committee shall periodically, or upon the request of the Church Council, evaluate all of the Church’s restricted funds and recommend to the Church Council any change or elimination of any such fund.
- F. **Documentation of Restricted Funds.** The Church Council, with the assistance of the Finance Committee, shall keep current appropriate documentation and descriptions of all restricted funds.

VI. Character of Acceptable Assets

- A. **Acceptable Assets.** The following types of assets may be acceptable gifts:
1. Cash;

2. Tangible Personal Property;
3. Publicly Traded Securities;
4. Real Estate;
5. Oil, Gas, and Mineral Interests; and
6. Remainder Interest in Property.

B. **Prohibited Assets.** The following type of assets shall not be accepted as gifts:

1. Interests in closely held entities; and
2. Life Insurance Policies.

C. **Criteria for Acceptable Assets.** The following criteria govern the acceptance of each type of asset:

1. **Cash.** Cash is acceptable in any form.

2. **Tangible Personal Property.** The Church may accept gifts of tangible personal property by action of the Church Council on recommendation by the Finance Committee. Prior to acceptance a potential gift 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?

3. **Securities.** The Church may accept publicly traded marketable securities,. As used in this Policy, “marketable securities” means any interest in any business entity for which a public market exists, and which can be liquidated over such markets in a reasonable period of time. Marketable securities may be electronically transferred to an account maintained by the Church at a brokerage firm for use by the Church or delivered by mail or hand to the Church accompanied by the transferor’s signature or stock power. All marketable securities shall be sold upon receipt unless otherwise directed by the Church Council on recommendation by the Finance Committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance, the final determination on acceptance of the restricted securities shall be made by the Church Council, on recommendation by the Finance Committee and upon consultation with legal counsel, if appropriate.

4. **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance

of real estate, the Church shall require an initial 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 may reject the gift or retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

A title search shall be obtained by the Church prior to the acceptance of a real property gift. The cost of this title search shall generally be an expense of the donor. The Church Council, acting on recommendation by the Finance Committee and the Church's legal counsel shall approve all gifts of real property prior to acceptance by the Church. Criteria for acceptance of the property shall include satisfactory 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 limitation associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, notes, or similar costs associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5. **Remainder Interests in Property.** The Church may 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 Donor's designee. The Church shall monitor the status of the property at reasonable intervals to ensure that its interest is properly maintained.

6. **Oil, Gas, and Mineral Interests.** The Church may accept oil, gas, and mineral property interests, when determined to be appropriate. Prior to acceptance of an oil, gas, or mineral interest, the gift shall be approved by the Church Council on recommendation by the Finance Committee, in consultation with the Church's legal counsel, if appropriate. Criteria for acceptance of the property shall include:

- Gifts of oil, gas, or mineral interests should collectively 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; and
- The property should undergo an environmental review to ensure that the Church has no current or potential exposure to environmental liability.

VII. **Planned Gifts**

- A. **Planned Gifts Encouraged.** Donors and supporters of the Church will be encouraged to make provisions for the Church or any of the component funds of the Church through the provisions of wills, revocable trusts, irrevocable trusts, beneficiary designations, and other devices. The Church may provide educational materials on planned giving to potential donors.
- B. **Prohibited Acts.** The Church shall not be involved in giving any tax or legal advice to any donor with respect to any planned gift. The Church shall not pay for or otherwise procure the preparation of any gift or testamentary documents for a donor or potential donor. The Church shall not act as Trustee of any Trust.
- C. **Consultation with Legal Counsel.** The Church may consult with the Church's legal counsel, if appropriate to evaluate gifts, testamentary documents, gift documents, donor agreement, or other related matters and to assist in collecting any distributions from any of those devices.
- D. **Prohibited Planned Gifts.** The Church shall not accept the following types of planned gifts.
1. Charitable Gift Annuities;
 2. Closely held business interests;
 3. Life insurance policies;
 4. Bargain sales; and
 5. Any other type of planned gift that is not listed in E. below.
- E. **Acceptable Planned Gifts.** The following type of planned gifts will be considered by the Church Council, on recommendation by the Finance Committee and the Planned Giving Committee.
1. Beneficiary of Charitable Remainder Trusts;
 2. Beneficiary of Charitable Lead Trusts;
 3. Beneficiary of Bequests and Trust Distributions;
 4. Beneficiary of life insurance policies not owned by the Church; and
 5. Beneficiary of Individual Retirement Accounts, pension plans, and similar accounts and plans.

VIII. **Substantiation Requirements**

Upon receipt of any gift, donation, or contribution, in excess of a value of \$75.00 the Church shall contemporaneously provide a written acknowledgment to the donor, pursuant to IRS regulation, including (i) the Church's name, (ii) the date of the contribution, and (iii) the amount of any cash contribution or a description of any non-cash contribution. The acknowledgment must also include a statement that either: (i) no goods or services were provided by the Church in return for the contribution if that is the case; (ii) the goods or services provided by the Church consisted of intangible religious benefits in return for the contribution; or (iii) if goods or services were provided by the Church in return for the contribution to the donor, a description and good faith estimate of value of those goods or services.

IX. **Use of Legal Counsel**

The Church Council may seek the advice of appropriate legal counsel in matters relating to acceptance of gifts when deemed appropriate by the Church Council on recommendation by the Finance Committee.

X. **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 Church Treasurer 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.