



# PULASKI HIEGHTS UNITED METHODIST CHURCH FOUNDATION

## GIFT ACCEPTANCE POLICY & GUIDELINES

### **INTRODUCTION**

The PHUMC Foundation (the “Foundation”) is a Type I Supporting Organization as defined under section 509(a)(3) of the Internal Revenue Code. As such, the Foundation is established to promote, carry out, further, support, encourage, and assist the purposes of Pulaski Heights United Methodist Church (“Pulaski Heights UMC” or the “Church”). To support this mission, the Foundation accepts gifts, donations, and contributions (gifts) from individuals and entities. Gifts may be made in various forms including cash, securities, real or personal property, etc. and may be made via *inter vivos* transfers and/or testamentary dispositions.

The Board of Directors (the “Foundation Board”) shall have the sole right to accept or refuse to accept any property offered to the Foundation, and any such decision shall be conclusive.

The purpose of this Gift Acceptance Policy and Guidelines (the “Policy”) is to provide guidelines for the acceptance of gifts to the Foundation. The Policy is intended to protect the Foundation from inadvertently accepting gifts that could be detrimental to the Foundation, either due to negative tax impacts or due to donor restrictions being inconsistent with the purpose of the Foundation or the ministries or mission of the Church, or other consequences of the gift. The Policy is also intended to facilitate giving by providing clear guidelines on the Foundation’s process for accepting and disposing of gifts. It is the intent of this Policy to be consistent with the By-Laws of the Foundation. To the extent that the terms of this Gift Acceptance Policy are inconsistent with the By-Laws, the terms of the By-Laws of the Foundation shall control.

### **SECTION I – GIFT ACCEPTANCE AUTHORITY**

When considering whether to accept a gift, the Foundation Board will consider the type of gift, the use the donor has designated for the gift, as well as any donor restrictions placed on the gift. The Board may delegate authority to accept certain gifts to the Executive Director and the Executive Committee (Chairperson of the Foundation Board, and the Vice Chair(s) of the Foundation Board), while retaining the authority for the acceptance of certain gifts to the full Foundation Board.

#### **Description of Gifts**

- **Cash** - means cash whether in the form of currency, personal check, cashier’s check, wire transfer, etc.
- **Deferred Gifts** – means a gift to be given at some future date, based either on the passage of time or the occurrence of an event, and evidenced by a legal contract. Examples of deferred gifts are charitable trusts, charitable gift annuities, family limited partnerships, etc.
- **Intangible asset** – means an asset that is not physical in nature such as a patent, trademark,

copyright, or intellectual property.

- **Life Insurance Policy** – means a contract between a policy holder and an insurer, where the insurer promises to pay a designated beneficiary a sum of money upon the death of the insured person.
- **Marketable Security** – means any security that is traded on a national United States or foreign securities exchange or reported through the National Association of Securities Dealers, Inc. Automated Quotation System or comparable foreign over-the-counter trading system; provided, that, any such security shall be deemed a Marketable Security only if it is freely tradable and is not subject to any material restrictions on transfer as a result of applicable law or contractual provisions.
- **Non-marketable Security** – means any security that is not a Marketable Security.
- **Real Property** – means land, its natural resources such as timber, coal, oil, gas and other minerals, and any permanent buildings on it.
- **Tangible Personal Property** – means property that can generally be moved (i.e., it is not attached to real property or land), touched, or felt.

## **SECTION II – GIFT ACCEPTANCE**

The acceptance of any gift is at the discretion of the Executive Director, Executive Committee or Foundation Board, for the type of gift given. For gifts other than Cash and Marketable Securities, the donor is responsible for establishing the value of the gift in a manner that complies with the United States Internal Revenue Code. The Foundation Board retains the right to change, modify or waive any of the policies or conditions set forth below based on the facts and circumstances related to specific gifts.

The Foundation will not provide specific legal, financial or tax advice to donors. However, the Foundation may provide general information to potential donors in the areas of estate and tax planning, including how gifts to the Foundation may play a part in such planning. In addition, the Foundation may assist donors to secure appropriate legal, financial or tax services from third parties and may meet with donors’ advisors to provide any requested assistance.

All donors will be requested to permit the Foundation to disclose the donor’s name and amount of such gift in its reports, unless the donor wishes the “donor’s name” to be anonymous.

### **Acceptable Gifts**

- **Cash.** Gifts of cash, whether in the form of currency, personal check, cashier’s check, wire transfer, etc. are the most common. Checks shall be made payable to **Pulaski Heights United Methodist Church Foundation**, Attn. Executive Director, 4823 Woodlawn, Little Rock, AR 72205.
- **Charitable Gift Annuities.** The Foundation may accept Charitable gift annuities which provide a method for a donor to make a gift of cash or marketable securities to the Church and receive fixed payments for life or a period of years at rates which may exceed those available for certificates of deposit or other fixed income investments. The Executive Director will work with The Methodist Foundation for Arkansas to create and administer charitable gift annuities whenever possible.
- **Deferred Gifts.** The Foundation may accept gifts such as charitable trusts, charitable gift annuities, and family limited partnerships (“Deferred Gifts”) on an individual case-by-case

basis. The donor must accept the obligation for payment of all associated expenses of Deferred Gifts, including legal, accounting, environmental testing, title insurance, and appraisal fees, in a manner to be mutually agreed upon by the Foundation and the donor. *The Foundation typically does not accept any property that is encumbered by a mortgage, lien, or other indebtedness. However, the Foundation will consider such gifts on a case-by-case basis.*

- **Life Insurance/Annuities.** The Foundation may accept gifts of life insurance and annuities, although the Foundation is unable to accept responsibility for managing such gifts or paying premiums and monitoring investments. The Foundation may be the beneficiary or owner and beneficiary of a life insurance policy. *If the donor designates the Foundation as the owner of a life insurance policy or annuity, the donor is responsible to reimburse the Foundation for premium payments.*
- **Marketable Securities.** The Foundation may accept Marketable Securities. It is the Foundation's policy to sell Marketable Securities immediately upon receipt from the donor. Any retention of Marketable Securities requires approval by the Foundation Board.
  - Gifts of Marketable Securities may be given to the Foundation through electronic transfer. A gift of transferred Marketable Securities is considered complete and is dated when it is received in the Foundation's account.
  - If physical shares of Marketable Securities are delivered to the Foundation, the date of the gift is based on the post-marked date of the mailing or the date of the delivery to the Foundation. In either case, a letter from the contributor donating the Marketable Securities is required. The gift value of Marketable Securities is determined by the mean of the high and low selling price of the Marketable Securities on the day the securities are received by the Foundation or the date on which the securities are "booked" to the account in its broker's office.
- **Non-marketable Securities.** The Foundation will not accept a gift of stock or other equity interest of any privately held entity ("Non-marketable Securities") without an appropriate liquidation plan acceptable to the Foundation.
- **Real Property.** The Foundation may accept gifts of Real Property in certain limited circumstances. The Foundation Board has established the following conditions regarding the acceptance of gifts of Real Property.
  - The Foundation requires, at the expense of the donor, a title policy, a survey, and an appraisal.
  - All property gifts will be subject to environmental evaluation prior to acceptance by the Foundation. The extent of that review will be determined for each property, and the expense will be borne by the donor.
  - Real Property encumbered by a mortgage or other indebtedness will be considered on a case-by-case basis.
  - For real property gifts to be recognized, a complete transfer of ownership must have occurred.
  - Real Property will be sold as soon as practical, unless the property is determined by the Foundation Board (i) to be of strategic importance to the mission of the Foundation or the Church, or (ii) to have a significant potential for increase in value and/or is producing income sufficient to cover the costs of retaining the property.
  - The gift will be reported based on the appraisal delivered pursuant to the requirement above.

***NOTE:** In the best circumstances, such real property offered to PHUMC will be sold by the donor and the proceeds given to the PHUMC Foundation. In all instances, the offer of real property will be reviewed with the Board of Trustees prior to acceptance.*

- **Tangible Personal Property and Intangible Assets.** Gifts of Tangible Personal Property and Intangible Assets may be considered and accepted by the Foundation on a case-by-case basis.

### **Unacceptable Gifts**

If a gift is offered to the Foundation that the Foundation Board deems not within the existing policies of the Foundation or the ministries and mission of the Church, and the Foundation Board is unable to bring the purpose of the gift within such parameters, the Foundation shall return the gift, without interest or accruals.

## **SECTION III - GIFT ACKNOWLEDGEMENT AND DONOR RECOGNITION**

### **Gift Acknowledgement**

There is no donation too small to the Foundation. Unless otherwise specified by the donor, all gifts will be added to the principal of the PHUMC Foundation General Endowment with the earnings to be distributed by the Foundation Board of Directors.

It is the responsibility of the Executive Director to officially record and acknowledge gifts to the Foundation. Gifts will be processed through the Executive Director's office before being deposited into any Foundation account. Gift and pledge receipts will be dated, recorded, and mailed to the donor within a reasonable time.

The Executive Director will acknowledge all gifts through a thank-you letter. The Foundation Board will determine additional procedures to ensure donors are appropriately acknowledged for their contributions.

### **Gifts for Named or Restricted Funds**

When a donor wishes to establish a separate "fund" within the Foundation with a specific name and/or a restricted use (a "Named Fund"). The Foundation and the donor shall enter into a written agreement (Exhibit A "Gift Agreement"), detailing the amount and form of the gift and the terms of any pledge or any restrictions the donor intends to place on the use of the Named Fund.

Restricted use means the income realized by this gift may only be allocated to the purpose or ministry area as specified in the associated Gift Agreement. The Gift Agreement should be signed by the donor, the Executive Director of the Foundation, and the Chairperson of the Foundation Board.

The Board has determined that the minimum gift required to establish a Named Fund is (i) \$100,000 for a fund which is restricted only to scholarships, and (ii) \$10,000 for a fund which has other specific restrictions as to its use or to which a name is ascribed. These thresholds may be met through a singular gift or by a pledge to be completed within three consecutive years, which period begins on the date the pledge agreement is signed and the initial donation given.

If a donor is not able to fulfill his/her financial commitment to the Foundation within the agreed upon pledge period, the Foundation may remove the donor recognition and direct the amounts contributed to the Pulaski Heights United Methodist Church General Endowment Fund or such other fund of the Foundation determined by the Foundation Board to be consistent with the donor's intent.

### **Donor Public Recognition**

The Foundation recognizes all donors regardless of the size of their gift. Donors are recognized in the Foundation's Annual Report, other Foundation publications or PHUMC communications. Requests for anonymity by donors will be honored. Permission to publicly recognize a donor and his/her gift will be obtained by the Executive Director.

## **SECTION IV – OTHER MATTERS**

### **Confidentiality and Privacy**

The Foundation places the highest priority on protecting the privacy of its donor information. The Foundation does not sell, rent, loan, or trade a donor's personal or biographical information to any other entity. All copies of documents with this information are strictly controlled and accounted for to avoid inadvertent distribution.

While discussing gift prospects for the Foundation, volunteers, the Executive Director, employees and/or fundraising consultants will, on occasion, discuss information of a personal and financial nature concerning donor prospects. The following guidelines are established to affirm the Foundation's commitment to protect the privacy, dignity, and trust of its benefactors, friends, and prospective donors. Any who learn of or participate in any discussion regarding a donor agree to abide by these policies.

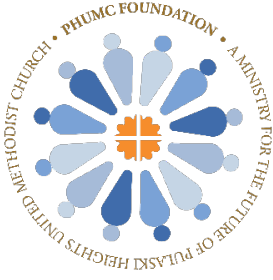
- All discussions concerning gift donor prospects are strictly confidential.
- All information concerning financial capability, past giving patterns, specific gifts, and personal disclosures about giving interest, is confidential.

### **Review and Revision of Policies**

The Executive Committee will review the gift acceptance policies, as necessary. The Foundation Board retains the right and authority to alter, amend or revoke the gift acceptance policies and guidelines at any time and from time to time.

Approved by PHUMC Foundation Board: \_\_\_\_\_

*Exhibit A: Gift Agreement*



**PULASKI HIEGHTS  
UNITED METHODIST CHURCH  
FOUNDATION**

**GIFT AGREEMENT**

**DONOR REPRESENTATIVE(S):** \_\_\_\_\_

**DATE ESTABLISHED:** \_\_\_\_\_

**TRUSTEE:** Board of Directors, Pulaski Heights United Methodist Church Foundation  
Little Rock, Arkansas

**I. PURPOSE**

- a. The Donor assigns to the Trustee certain property as a charitable contribution. The Trustee shall hold, manage, and control the property pursuant to the power and authority given to it in this Agreement, for the uses and purposes, and upon the terms and conditions, as stated.
- b. All property contributed to this Gift Agreement shall be used exclusively for religious, charitable, or education purposes, as such terms are used in sections 170, 501(c)(3), 2055 and 2522 of the Internal Revenue Code of 1986, as amended, or any successor law thereto.
- c. The purpose of the \_\_\_\_\_ Endowment (“the Fund”) shall be to \_\_\_\_\_.
- d. The purpose of the \_\_\_\_\_ Spending Account (if a restricted fund), shall be to receive the distribution of income, dividends, or principal and be available to pay the costs associated with \_\_\_\_\_.

**II. ADMINISTRATION.** The Fund shall be administered as follows:

- a. The contribution shall be used to establish the \_\_\_\_\_ Endowment. The principal of the Fund is not to be invaded.
- b. The Trustee may distribute the annual income from the Fund, or, at their sole discretion, they may apply a spending rate to the annual market value of the Fund as established by Board policy. Currently, the annual distribution is based upon four percent (4%) of the value of the Fund, such four percent (4%) to include principal and interest or dividends accumulated at the time of distribution.
- c. Annual distributions from the Fund may be used by the Trustee to benefit the \_\_\_\_\_ at Pulaski Heights United Methodist Church.

- d. The Trustee may elect to accumulate income, and the income so accumulated will be available for distribution in future years and will not become a part of the principal.
  - e. The Trustee has entered into an agency agreement with the Methodist Foundation for Arkansas for investment management purposes. Pursuant to this agency agreement, TMFA has engaged Wespath Benefits and Investments to hold and manage the assets held by the PHUMC Foundation, including but not limited to, the Fund.
    - 1.
- III. TRUSTEE'S POWERS: The Trustee shall have full power and authority to manage and control the funds, and to sell, exchange, assign, transfer or otherwise dispose of all or any part, upon such terms and conditions as it may see fit, subject to the provisions of the Trustee's investment policy as approved by the Trustee. It may invest and reinvest all or part of the Fund in such stocks (common and preferred), debentures, shares or participations in any common or mutual fund, units in common investments pools, bonds, notes, or securities or other property, real or personal, within or without the State of Arkansas, as it may in its sole discretion select. It may make and change such investments from time to time, and it may continue to hold any stocks, securities, or other property received by it hereunder. The Trustee may determine whether any property coming into its hands shall be considered as a part of the principal or income of the Fund and may apportion between principal and income any loss or expenditure in connection with the Fund as it may deem equitable. The Trustee may register securities in the name of a nominee.
- IV. ACCOUNTING BY TRUSTEE: The Trustee shall render a periodic accounting to the local church.
- V. ADDITIONAL ASSIGNMENTS: The donors may make additional assignments of property to the Trustee and allow others to also make assignments, and such assignments shall be administered according to the terms of this Agreement. The Trustee reserves the right to refuse any additional assignment.
- VI. BOND AND LIABILITY OF TRUSTEE: The Trustee shall not be required to give any bond or other security. The Trustee shall not be liable for any mistake or error of judgment in the administration of the Fund, except for willful misconduct, so long as they continue to exercise their duties and powers in a fiduciary capacity primarily in the interest of the beneficiary hereunder.
- VII. SUCCESSOR TRUSTEE: If the Trustee resigns, is removed, or ceases to exist and function, then the Trustee shall appoint a Successor Trustee.
- VIII. GOVERNING LAW: This agreement has been executed and delivered in the State of Arkansas and shall be construed and administered according to the laws of the State.

In Witness whereof, the Donors and Trustee have executed this agreement.

DONORS:

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TRUSTEE REPRESENTATIVES:

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_