

SAINT MICHAEL AND ALL ANGELS FOUNDATION OF DALLAS

GIFT ACCEPTANCE POLICIES AND GUIDELINES

Saint Michael and All Angels Foundation of Dallas, a not for profit organization organized under the laws of the State of Texas (hereinafter referred to as the Foundation), encourages the solicitation and acceptance of gifts to the Foundation to further and fulfill its purpose to support the mission of Saint Michael and All Angels Episcopal Church. The following policies and guidelines govern acceptance of gifts made to the Foundation.

I. Purpose of Policies and Guidelines

The Trustees of the Foundation solicit current and deferred gifts to secure the future growth and missions of the Foundation. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation.

II. Acceptance of Gifts

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that are not consistent with its mission, purposes, and priorities, or that are too restrictive in purpose. Gifts that are too restrictive include those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. The Gift Acceptance Committee of the Foundation shall evaluate whether proposed gifts are consistent with these policies and guidelines. All final decisions on the acceptance or refusal of a gift shall be made by the Trustees.

III. The Gift Acceptance Committee

The gift acceptance committee shall consist of

- The President of the Foundation
- The Treasurer of the Foundation
- The Vice President of Development of the Foundation
- Such other members as appointed by the President

The Gift Acceptance Committee is charged with the responsibility of reviewing all gifts made to the Foundation, properly screening those gifts, and making recommendations to the Trustees on gift acceptance.

IV. Types of Gifts

A. The following gifts may be acceptable:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Oil, Gas, and Mineral Interests
7. Bargain Sales
8. Life Insurance Policies
9. Charitable Gift Annuities
10. Beneficial interests in Charitable Remainder Trusts
11. Beneficial interests in Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations

13. Life Insurance Beneficiary Designations
14. Bequests

B. The following criteria govern the acceptance of each gift form:

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to Saint Michael and All Angels Foundation of Dallas and shall be delivered to the Foundation's administrative offices at the following address:

*Saint Michael and All Angels Episcopal Church
8011 Douglas Avenue
Dallas, Texas 75225*

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

- Does the property fulfill the mission of the Foundation?
- Is the property marketable?
- Are there any restrictions on the use, display, or sale of the property?
- Are there any carrying costs (such as insurance, security measures, or storage) for the property?

The final determination on the acceptance of tangible property gifts shall be made by the Gift Acceptance Committee of the Foundation. The value of a gift of tangible personal property shall be determined in accordance with Internal Revenue Service requirements, which may require the property to be valued by a qualified appraiser.

3. **Securities:** The Foundation may accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule (to which exceptions may apply), all marketable securities will be sold upon receipt. In some cases marketable securities may be restricted by applicable securities laws; in which case the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee. A potential donor is encouraged to involve his, her or its legal counsel in the making of a gift of restricted securities to the Foundation.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LPs, LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee of the Foundation. However, gifts must be reviewed prior to acceptance to evaluate the following:

- Is security marketable?
- Are there restrictions on the security that would prevent the Foundation from ultimately converting the security to cash?
- Will the security generate undesirable tax consequences for the Foundation, including unrelated business taxable income?

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of

closely held securities shall be made by the Gift Acceptance Committee of the Foundation and with the involvement of legal counsel when necessary.

4. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior beneficial interest, such as a life estate. Prior to acceptance of real estate, the Foundation will attempt to determine whether there is or could be environmental contamination on the property, including one or more of the following: a request that the potential donor complete a questionnaire related to the property, an informal inspection of the property, an environmental audit of the property performed by a qualified inspection firm, and confirmation that the property does not appear on any National or State hazardous site lists. In most cases the donor shall bear the cost of an environmental audit, if an audit is to be performed.

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs (such as insurance, property taxes, or mortgage payments) associated with the property?
- Is the property in an acceptable environmental condition?

5. **Remainder Interests In Real Property:** The Foundation may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4, above. The term or lifetime beneficiary may occupy the real property for the stated duration of the beneficial interest, after which time the Foundation may use the property for its exempt purposes or sell it. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, any property indebtedness and other appropriate expenses of the property are to be paid by the donor or term or lifetime beneficiary.

6. **Oil, Gas, and Mineral Interests:** The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Gift Acceptance Committee, and if necessary, by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas and mineral interests should 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 rarely would be accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

7. **Bargain Sales:** The Foundation may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include:

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

8. **Life Insurance:** The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift of a life insurance policy will be valued as required by Internal Revenue Service rules (usually not the full value of the death benefit). If the donor contributes future premium payments, the Foundation will include the entire amount of each premium payment as a gift in the year that it is made.

If the donor does not make additional gifts to cover premium payments on the life insurance policy, the Foundation may:

- continue to pay the premiums,
- convert the policy to paid up insurance,
- sell the policy to a viatical company that regularly purchases such policies (unless the donor imposes a restriction preventing such sale), or
- surrender the policy for its current cash value.

9. **Charitable Gift Annuities:** The Foundation may offer charitable gift annuities. The Gift Acceptance Committee may establish a minimum age for life income beneficiaries and a minimum funding amount for a gift annuity. The Gift Acceptance Committee must approve the annuity payment schedule, the form of any property accepted in exchange for the annuity (real estate, tangible personal property, or any other illiquid asset is disapproved for current annuities, but may be accepted in the case of a deferred annuity), and all other aspects of the annuity.

10. **Charitable Remainder Trusts:** The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee of the Foundation. The Foundation will not accept appointment as Trustee of a charitable remainder trust.

11. **Charitable Lead Trusts:** The Foundation may accept a designation as lead beneficiary of a charitable lead trust. The Foundation will not accept an appointment as Trustee of a charitable lead trust.

12. **Retirement Plan Beneficiary Designations:** Donors and supporters of the Foundation are encouraged to name the Foundation as beneficiary of their retirement plans.

13. **Bequests:** Donors and supporters of the Foundation are encouraged to make bequests to the Foundation under their wills and trusts.

14. **Life Insurance Beneficiary Designations:** Donors and supporters of the Foundation are encouraged to name the Foundation as beneficiary of their life insurance policies.

V. Miscellaneous Provisions

- A. **Securing appraisals and legal fees for gifts to the Foundation:** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation.
- B. **Valuation of gifts for development purposes:** The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.
- C. **Responsibility for IRS Filings upon sale of gift items:** The Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset.
- D. **Acknowledgement of Gifts:** Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Foundation. IRS Publications 561 *Determining the Value of Donated Property* and 526 *Charitable Contributions* are instructive on this topic and should be considered by the Foundation in connection with the acknowledgement of gifts.

VI. Use of Legal Counsel

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

- a. Transfers of closely held stock that is subject to transfer restrictions
- b. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation 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

VII. Conflict of Interest

The Foundation 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. Should a conflict of interest or potential conflict of interest arise between a Trustee and the Foundation in connection with a gift or proposed gift, the Trustee will promptly disclose the conflict to the President of the Foundation and/or the Gift Acceptance Committee and seek a resolution of the conflict.

VIII. Changes to Gift Acceptance Policies

These policies and guidelines have been adopted by the Trustees of the Foundation. The Foundation must approve any changes to or deviations from these policies.

Approved on the ____ day of _____, 2009.