

First Presbyterian Church  
Ann Arbor, Michigan

## **Gift Acceptance Policy (GAP)**

January 22, 2024 Finance Committee

January 24, 2024 Session

### **Preamble**

This policy is designed to provide guidance to potential donors as well as the staff and volunteers of First Presbyterian Church of Ann Arbor (the Church). However, the Session may make exceptions to the following on a case-by-case basis. Certain types of gifts must be reviewed prior to acceptance due to special liabilities they may pose for the Church. Examples of gifts which will be subject to review include gifts of real property, gifts of personal property and gifts of securities that are not readily marketable. Gifts with special liabilities must be reviewed by the Finance Committee which will then make a recommendation to the Session whether or not to accept the gift. The review of gifts will also take into account the liquidity of the gift, appropriate title, and/or ownership review and if necessary, an appraisal by an expert agent.

### **General Guidelines**

The GAP generally will only apply to gifts or commitments of \$10,000 or more.

The Church solicits and accepts gifts which are consistent with its mission.

The Church retains the right to not accept proffered gifts in its sole discretion.

Any gifts which have a question regarding their acceptability/suitability will require approval from both the Finance Committee and the Session before being accepted.

This policy should be read along with the Finance Manual which may contain additional guidelines on related matters.

The Gift Acceptance Policy is being created in anticipation of an upcoming capital campaign, but it is to be an ongoing policy and pertain whether or not the Church is in a capital campaign or not.

The GAP can be amended at any time by action of the Session, and it is recommended that it be subject to periodic reviews similar to other major Church policies.

The Church will accept gifts on either a restricted or an unrestricted basis. As a general matter it is preferred that gifts be unrestricted whenever possible to provide maximum flexibility to tend to the Church's greatest needs. The Church will not accept any gift that is

inconsistent with its mission, infringes on established policies, or is so restrictive that it would be difficult to administer.

During the time of a capital campaign there is a strong preference that any restricted gifts be made toward items that are considered to be within the scope of the campaign or simply to the campaign itself.

The Church will consider all types of gifts but discourages any gifts that would be hard for the Church to convert to cash in a short period of time. The Church is not equipped to accept assets that require management.

## **Types of Gifts Accepted**

The Church accepts gifts which include, but are not limited to gifts of cash, gifts-in-kind, marketable securities, closely held stock, real property, tangible personal property, bequests, charitable lead and remainder trusts and retirement plans.

## **Gifts during Non-Campaign Periods**

The Church is always in need of a myriad of items that are required to carry on its ongoing programs and activities and greatly appreciates all the time, treasure and talent of the members and friends who support us.

The Church will seek the advice of legal counsel in matters related to acceptance whenever it is deemed appropriate particularly in any unusual or customized transaction involving assets other than cash and marketable securities.

Investment earnings and losses on gifts are not credited to the donor but may be designated by the Finance Committee and Session to an overall campaign or purpose. Regarding the valuation of assets transferred to the Church, we will adhere to current IRS regulations for the protection of our donors. As IRS regulations change, our gift counting policies may also require modification.

**Cash/Checks:** Outright cash gifts (online gifts, checks, wire transfers) will be reported at full value as of the postmarked date if received by mail or date of receiving the funds if received electronically.

### **Pledges of cash:**

- Verbal pledges of cash must be documented by a signed pledge agreement with the donor. An email from the donor, articulating the specific dollar amount, payment schedule and details of the intention of the commitment is also accepted as official.

- Though fully paid gifts within a year are best and most desired for a capital campaign, pledges will be considered and expected to be paid-in-full within 3 years. Exceptions will be considered when unusual circumstances exist, particularly in the event of larger gifts, however, money to be received at some much later date is less effective in addressing the needs which are to be addressed by the campaign and pledge commitments that intend to take more than 5 years to be realized, can become a financial liability for the Church and therefore generally not accepted unless it is a legally binding, irrevocable agreement.
- Pledges of cash should be for a specific dollar amount and paid according to a fixed time schedule. The total amount of the pledge shall be counted toward the campaign goal based on the year the pledge was documented.

**Gifts-in-Kind:** When considering accepting gifts-in-kind such as equipment, art, furniture, etc. care should be given to insure that items are needed and are consistent with the Church's priorities. If there is any question about the acceptability it should be brought to the attention of the Lead Pastor and Session.

**Marketable (Publicly Traded) Securities:** Marketable Publicly Traded Securities will be valued at the average price on the day that securities are in the control of the Church.

**Closely Held Stock:** Gifts of closely held stock will be reported at the fair market value placed on them by a qualified independent appraiser as required by the IRS for valuing gifts of non-publicly traded stock. Because of the nature of closely held stock any acceptance of this type of security must be approved by Session in advance with a clear plan of sale established to avoid ongoing ownership of these assets.

**Gifts of Property:** Gifts of real property must be vetted for any potential liabilities in the case of real estate and all carrying costs including insurance for the property before being presented to the Session for possible consideration. All gifts for unrelated uses are to be sold as soon as practicable.

**Deferred Gifts:** Using the guideline set by the Council for Advancement and Support of Education (CASE), deferred gifts will be accepted and credited as gifts for donors of 70+ years. Vehicles that will be accepted are:

- Gifts by will or living trust: A will, and a living trust are instruments by which a person may make a disposition of property to take effect after death and which may be altered or revoked at any time during life. The Church will not serve as Trustee.
- Irrevocable Charitable Remainder Trusts: These are irrevocable trusts which generally pay defined amounts of income, based on the value of the property in trust, to a non-charitable beneficiary(ies) for life or a term of years. A charitable remainder unitrust provides a variable income based on a fixed percentage of the annual value of the trust, while a charitable remainder annuity trust pays a fixed income based on the

initial value of the trust. Gift credit shall only be given to the extent a charitable remainder trust is verifiable and the Church's interest therein is irrevocable.

- **Irrevocable Charitable Lead Trusts (Income Trusts):** Defined as an irrevocable trust that pays a defined amount of income, based on the value of the property held in trust, for a term of years or for the life of an individual, with the remainder passing to a non-charitable beneficiary. Gift credit shall only be given to the extent a charitable lead trust is verifiable and the Church's interest therein is irrevocable.

**Retirement plans:** Almost any personal account, including Individual Retirement Accounts and other qualified pension and profit-sharing plans, may be considered retirement savings. Gifts from these plans may be established by making a beneficiary designation and formally notifying the plan administrator.

**Realized Bequests and Other Testamentary Distribution:** All amounts received by the Church by bequest or pursuant to other revocable testamentary plans shall be credited at the value received.

#### **Life Insurance:**

1. **Realized Death Benefits:** The insurance company's cash settlement amount for an insurance policy when the death benefit is realized, whether the policy is owned by the Church or not, will be counted in fundraising totals, provided no gift amounts in connection with said policy (cash value of gifted policy or cash premiums received) were previously counted in fundraising totals. To the extent any cash value of premium amounts was previously counted in fundraising totals, appropriate adjustments will be made so that only the excess of the settlement amount over the previously counted amounts will be counted.
2. **Surrender value:** If policies are gifted to the church with the intent of immediate surrender to realize the surrender value the surrender value process received will be included in fundraising totals.
3. The church does not accept life insurance policies on which it will need to make payments.

#### **Gifts during Campaigns**

1. **Pledges of Cash:** In addition to conditions outlined above, gifts to support the campaign must apply to the scope of the campaign as outlined in an addendum to this policy whenever a campaign is underway. The value of any canceled or unfulfilled pledges must be subtracted from campaign totals when it is determined that they will not be realized.

2. We welcome planned gifts. However, deferred gifts that are revocable will generally not be counted toward campaign totals. Exceptions may be made by the Finance Committee and Session, based on the age of the donor. Acceptable forms include will, living trusts, irrevocable charitable remainder trusts and retirement plans.

## **Naming Opportunities and Recognition of Donors**

The Church will strive to recognize donors in appropriate ways.

The Church has had many “Namings” “In honor of” and “In Memory of” situations in its history. These have generally been in two categories, but the particulars have varied over the years depending on the circumstances at the time.

1. Naming, as a result of a financial donation, has occurred in various instances such as the pulpit, stained glass windows in the sanctuary and new hymnals.
2. Naming of major rooms in the building have been typically made in recognition of outstanding service or to recognize important figures in our history such as Curtis, Monteith, Vance, French, and Hillegonds.

The Church has not actively sought financial donations for naming rights of this latter type. However, it is now common practice amongst nonprofits for physical spaces, programs, initiatives, and positions to be named after donors or endowers. There may be circumstances where the Session decides it is in the best interest of the Church to consider and approve such an arrangement. All such naming plans require Session approval.