

## **GAP Ministries**

### **Gift Acceptance Policy**

#### **1. Policy and Purposes**

This policy governs the solicitation and acceptance of gifts by GAP Ministries. The purpose of this policy is to provide guidance for the board, leadership, and staff with respect to their responsibilities concerning gifts to the organization. The provisions of this policy shall apply to all gifts received by the organization. The organization's Board of Directors reserves the right to revise or revoke this policy at any time, and to make exceptions to the policy.

The mission of the Organization is: *Standing in the GAP for those in need, bringing HELP to Children, HEALING to Families, and HOPE to our Community.*

#### **2. General Policy**

The primary consideration of gift solicitation and/or acceptance will be the impact of the gift on the organization. When considering whether to solicit or accept gifts, GAP Ministries will evaluate the following factors:

- i. Values – whether the acceptance of the gift compromises any core values.
- ii. Compatibility – whether there is compatibility between the donor's intent and the organization's use of the gift.
- iii. Public Relationships – whether gift acceptance would, or be perceived to, damage the organization's reputation.
- iv. Primary Benefit – whether the primary benefit is to the organization, versus the donor.
- v. Consistency – whether acceptance of the gift is consistent with prior practice.
- vi. Form of Gift – whether the gift is offered in a form that the organization can use without incurring substantial expense or difficulty.
- vii. Effect on Future Giving – whether the gift will encourage or discourage future gifts.

GAP Ministries shall not accept gifts that:

- i. Violate the terms of their organizational documents; or
- ii. Would jeopardize the organization's status as a 501(c)(3) tax exempt organization under federal and state law.

#### **3. Use of Legal Counsel**

GAP Ministries will seek the advice of legal counsel in matters relating to acceptance of gifts, when appropriate. Review by legal counsel is recommended for:

- i. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- ii. Documents naming the organization as trustee.
- iii. Gifts involving contracts such as bargain sales, partnership agreements, or other documents requiring the organization to assume an obligation.
- iv. Transactions with potential conflict(s) of interest.
- v. Gifts of real estate.
- vi. Oil, gas, and mineral interests; and

- vii. Gifts of any amount with unusual restrictions (e.g., gifts requiring the organization to do work it is not already doing and/or gifts requiring the organization to expand a particular area of work it is already doing).

Because of potential conflicts of interest, risk exposure, and/or legal issues in some states, it is recommended that GAP Ministries not serve as both a donor's adviser and the recipient of a donor's gift, nor will we provide legal counsel. Therefore, GAP Ministries will ask all prospective donors to retain appropriate independent tax and legal counsel.

#### 4. Gift Definition

A gift is defined as a voluntary transfer of assets from a person or an organization to the organization. A gift is *an irrevocable transfer of assets*, motivated by charitable intent. Gifts are not generally subject to an exchange of consideration or other contractual duties between the organization and the donor, except for certain split-interest gifts as set out in this policy, although objectives may be stated, and funds may be restricted to a specific purpose. A gift is not completed until it has been accepted by the organization.

#### 5. Approval of Gifts

All final decisions on the acceptance or refusal of a gift shall be made by the CEO and/or their assigns, except for specific gifts subject to Section 6 below.

#### 6. Types of Gifts

- A. **Outright Gifts:** An outright gift involves the donor's voluntary and intentional transfer of money or assets without expectation of receiving a benefit related to the value of the transfer (usually received as a donation via credit card, online platform, check, or cash). Although the donor may place restrictions on the use of the gift, the donor may not retain control over the money or property transferred to the charity. The following criteria govern the acceptance of each form of outright gift:
  - i. **Unrestricted Gifts of Cash:** The organization will accept unrestricted gifts of cash. GAP Ministries reserves the right to vet a donor's identity if they are unknown, if there is a potential for conflict of interest, and/or if there is any concern about their potential gift. Unrestricted gifts of cash are acceptable in any form. Checks shall be made payable to GAP Ministries.
  - ii. **Publicly Traded Securities:** The Organization will accept unrestricted publicly traded securities without prior review by the Board of Directors. Publicly traded securities (stocks, mutual funds, bonds, etc.) may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. When possible, we will ask the donor to notify us in advance about the securities transfer, the number of shares, and the intended gift date. All publicly traded securities will be sold promptly. In some cases, publicly traded securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances, the CEO will decide whether to accept the gift.

iii. **Tangible Personal Property (a.k.a. In-Kind Donations) Retained for Use by Organization:** Tangible personal property *for use by clients or the organization*, not to be resold, may be accepted by an agency representative. All agency representatives are asked to forward substantiation of In-Kind Donations valued at more than \$5000 to either the Chief Operating Officer or Development Director upon acceptance. In addition to the criteria set forth in the general policy, when determining whether to accept these gifts, authorized representatives shall consider whether the property poses safety, environmental, or financial risks to the organization, and whether the donor is willing and able to finance the packing, shipping, insurance, appraisal, and/or other costs associated with transferring the gift to the organization. Gifts that pose such risks to GAP Ministries shall be respectively declined.

GAP Ministries will provide donors who make gifts of tangible personal property with IRS Form 8283 in accordance with IRS Regulations. All individual gifts valued at \$5,000 or more, or a bulk donation valued at \$5,000 or more, are included in this procedure.

- iv. **Tangible Personal Property Accepted with Intent to Sell:** GAP Ministries may accept gifts of tangible personal property with the intent to resell those gifts through its thrift store. When doing so, staff must notify donors of the potential for their gifts to be used for resale purposes prior to accepting the gift and provide a receipt with disclaimer language explaining such.

For gifts valued At \$5,000 or more, including jewelry, art, vehicles, other unique gifts, bulk donations, and donations that may require an appraisal, the donor must provide proof of ownership, and a qualified appraisal performed within sixty days of the gift proposal date. Items shall only be accepted if they are readily marketable and are free and clear of encumbrances. If GAP Ministries chooses to resell the items within 36 months, we are required by law to complete IRS Form 8282, submit it to the IRS, and send a copy to the donor for their tax records. Selling the item for less than the valuation will trigger a tax implication for the donor.

- v. **Intellectual Property/Other Intangible Interests:** The organization will consider gifts of intellectual property such as royalties, copyrights, patents, contract rights, and similar intangible interests only upon review and approval by the Board of Directors. The Board of Directors shall consider the appraised value of the intangible property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign all rights related to the intangible property. Prior to acceptance of the gift, the donor must provide proof or statement of ownership.
- vi. **In-Kind Gifts of Services:** The Organization will accept an in-kind gift of services if approved by a director.
- vii. **Closely Held Securities or Business Interests:** Closely held securities or business interests, including debts and equity positions in non-publicly traded companies,

interests in LLPs and LLCs, or other ownership forms, may be accepted, subject to review and approval by the Board of Directors. GAP Ministries will not accept an interest in a general partnership. The following documentation must be provided to the organization before a gift of closely held securities will be considered for acceptance:

- A qualified independent appraisal.
- Copies of any shareholder buy/sell agreements.
- Copies of restrictions on the transfer contained in the bylaws and/or reflected on the stock certificates.

In deciding whether to accept a gift of closely held securities or business interests, the Board of Directors should consider and evaluate any restrictions on the security or business interest that would prevent the organization from converting the securities to cash, the marketability of the security, and whether the security or business interest would generate any undesirable tax consequences.

- viii. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Upon review and approval by the Board of Directors, the organization may accept ownership of outright gifts of real estate. Gifts of real estate may be used for sale, to generate cash flow, or for exempt purposes. If used for exempt purposes, the organization should consider applying for property tax welfare exemption.

*Environmental Review.* Prior to acceptance of real estate, the Organization shall require an initial environmental review of the property to ensure that the property has no environmental problems. If the initial inspection reveals a potential problem, the organization shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the donor.

*Title Binder.* A title binder shall be obtained by the organization prior to the acceptance of the real property gift when appropriate. The cost of this title binder shall be the expense of the donor.

*Appraisal.* The organization shall obtain an independent appraisal prior to the acceptance of the real property gift.

*Factors for Acceptance.* The Board of Directors and legal counsel shall review and decide whether to accept real property based on the following factors:

1. Whether the property is useful for the purposes of the organization.
2. The marketability of the property.
3. Any tax consequences that may result from the sale or lease of the property.
4. Any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property.
5. Any carrying costs associated with the property, including insurance, property taxes, mortgages, notes, or other costs.
6. Any concerns which the environmental audit revealed.

*Acceptance with Intent to Sell.* If the Organization plans to accept a gift of real estate

with the intent to sell, it must inform the donor of its intent prior to accepting the gift.

- ix. **Remainder Interests in Property:** The Organization will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of this Paragraph 6. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the life tenant(s), the organization may use the property or reduce it to cash. Expenses for maintenance, real estate taxes, and any property indebtedness shall be paid by the donor or primary beneficiary. The Organization may require proof of payment and certificates of insurance.
- x. **Oil, Gas, Water and Mineral Interest:** The Organization may accept oil, gas, water, and mineral interests upon approval of the Board of Directors, and if necessary, by the Organization's legal counsel, subject to the following limitations:
  - 1. Gifts of surface rights should have a value of \$10,000 or greater.
  - 2. Gifts of oil, gas, water, and mineral interests should generate at least \$1,000 per year in royalties or other income) as determined by the average of the three years prior to the gift).
  - 3. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
  - 4. A working interest should only be accepted after consideration of potential liability and tax consequences.
  - 5. The property should undergo an environmental review to ensure that the Organization has no current or potential exposure to environmental liability.
- xi. **Restricted Gifts:** GAP Ministries will accept gifts for specific programs and purposes, provided that such gifts are consistent with our stated mission and purposes. The Board of Directors reserves the right to review, accept, or reject any conditions or obligations proposed by a donor prior to the acceptance of a gift. The Board of Directors may determine that the proposed conditions or limitations of a gift are too restrictive and reject such gift for any lawful reason, including, but not limited to, if such gift violates charitable intent or public trust, if the gift is accompanied by an improper economic benefit to the donor, if the gift provides too much control to the donor, or if the gift requires the organization to take any action deemed inappropriate by the Board of Directors.
- xii. **Named Funds:** A donor or group of donors may contribute and name a fund and restrict the use of the income or principal of the fund, upon discussion with and approval from the Board of Directors. GAP Ministries encourages donors to communicate with us in advance to ensure that a restriction can and will be accepted prior to designating such. GAP Ministries reserves the right to decline restrictions that place an undue burden on the organization. A minimum initial gift to name a fund will be established at \$50,000 or more.

GAP Ministries reserves the right to dissolve a named fund and revert those funds for use to cover general operating expenses in the following cases: 1) If the fund depletes below \$25,000; 2) If there are no new donation deposits to the fund for five consecutive years; and/or 3) In cases where GAP Ministries faces financial hardship, as determined by its Board of Directors. Donors will be advised of this

policy upon the creation of their fund, regardless of its initial restriction.

## **B. Estate Gifts**

- i. **Bequests and Beneficiary Designations under Wills, Revocable Trusts, Life Insurance Policies, Commercial Annuities, and Retirement Plans:** GAP Ministries accepts donations in the form of bequests through wills and trusts, pay on death or transfer on death accounts, and through life insurance policies, commercial annuities, and retirement plans. A bequest or designation will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with GAAP.

GAP Ministries encourages donors to disclose their bequest and beneficiary designation intentions to the CEO or Development Director in writing to ensure that we can carry out their wishes and that the gifts conform to the principles in this Gift Acceptance Policy. Gifts from estates of deceased donors that do not conform to the organization's policies may be accepted or rejected by the Board of Directors, and such decision communicated to the legal representative of the estate. If possible, a mutually agreeable plan shall be negotiated between the organization and the representative to make the gift acceptable.

- ii. **Life Insurance:** Gifts of owned life insurance policies (not simple beneficiary designations, as included above) may be accepted upon approval of the Board of Directors. GAP Ministries must be named as both the beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. In determining whether to accept the gift, the organization should consider the life expectancy of the insured, whether the policy has been fully paid, and the organization's financial liabilities if payments continue to be made. The gift shall be valued in accordance with GAAP rules. If the donor contributes future premium payments, the organization will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the organization may, upon approval of the Board of Directors:
  1. Continue to pay the premiums.
  2. Convert the policy to paid up insurance; or
  3. Surrender the policy for its current cash value.

## **C. Life Income Gifts**

- i. **General:** The Organization accepts donations of life income gifts subject to the terms of this Section 6.C. If a donor desires to make a life income gift, the directors, officers, and senior staff shall not offer advice on any income tax consequences of such a gift. GAP Ministries representatives should advise the donor to seek independent counsel on any tax consequences.
- ii. **Charitable Remainder Trusts:** GAP Ministries may accept designations as remainder beneficiary of a charitable remainder trust subject to approval by the Board of

Directors. The organization shall not accept fiduciary responsibility for management of investments of the trust assets prior to the distribution of the remainder interest.

- iii. **Charitable Lead Trusts:** The Organization may accept designations as income beneficiary to a charitable lead trust subject to approval by the Board of Directors. The Organization shall not accept fiduciary responsibility for management of investments of the trust assets.
- iv. **Charitable Gift Annuities:** The Organization does not offer charitable gift annuities due to the necessary financial and administrative preparation required to administer these annuities; however, we accept designations as a beneficiary of a Charitable Gift Annuity managed by another entity.
- v. **Donor Advised Funds:** The Organization may accept distributions from donor advised funds held with third party administrators. The Organization shall not administer donor advised funds.

**D. Other Gifts:** All other types of gifts or assets will only be accepted upon approval of the Board of Directors.

## **7. Additional Provisions**

**A. Gift Agreements:** Where appropriate, the Organization shall enter into a written gift agreement with the donor, specifying the terms of any restricted gift, which may include provisions regarding donor recognition.

**B. Pledge Agreements:** Pledges for future support (included by way of matching gift commitments) shall be accepted upon written notification or pledge agreement execution by the donor, then booked as a gift in accordance with GAAP. Verbal commitments will not be booked as a pledged gift.

**C. Appraisal, Legal & Other Fees:** GAP Ministries requires that a donor is responsible for (1) the fees of independent legal counsel retained by the donor for completing the gift; (2) appraisal fees; (3) environmental audits and title binders (in the case of real property); and (4) all other third- party fees associated with the transfer of the gift to the Organization, unless otherwise approved by a vote of the Board of Directors. The CEO shall promptly complete and sign Part IV, Donee Acknowledgment, of IRS Form 8283 for donated property (except publicly traded securities) with a value over \$5,000, send it to the donor, and maintain a copy for the organization's records.

**D. Valuation of Gifts:** The organization shall record gifts received at their valuation on the date of gift, except that, when a gift is irrevocable, but is not due until a future date, the gift may be recorded at the time the gift becomes irrevocable in accordance with GAAP.

**E. IRS Filings upon Sale of Gifts:** To the extent applicable, the organization shall file IRS Form 8282 upon the sale or disposition of any charitable deduction property sold within three (3) years of receipt by the Organization. "Charitable deduction property" means any donated

property (other than money and publicly traded securities) if the value claimed by the donor exceeds \$5,000 per item or group of similar items donated by the donor to one or more donee organizations (e.g., the property listed in Section B on Form 8283). The Board of Directors shall file this form within 125 days of the date of sale or disposition of the asset, or within any updated IRS guidelines.

- F. Written Acknowledgement:** The Development Department shall provide contemporaneous written acknowledgement of all gifts and comply with the current IRS requirements on acknowledgement of the gifts.
- G. Changes to or Deviations from the Policy:** This Policy has been reviewed and accepted by the Board of *Directors*, which has the sole power to change this policy. In addition, the *Board of Directors* must approve in writing any deviations from this policy.