

SUMMIT UNITARIAN UNIVERSALIST FELLOWSHIP
GIFT ACCEPTANCE POLICIES AND GUIDELINES

Introduction. Summit Unitarian Universalist Fellowship, a not for profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to Summit Unitarian Universalist Fellowship for purposes that will help the Fellowship to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Summit Unitarian Universalist Fellowship or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines. The Board of Directors of the Summit Unitarian Universalist Fellowship (hereinafter typically referred to as the Fellowship) solicits current and deferred gifts from individuals and foundations to secure the future growth and missions of the Fellowship. These policies and guidelines govern the acceptance of gifts by the Fellowship and provide guidance to prospective donors and their advisors when making gifts to the Fellowship. The provisions of these policies shall apply to all gifts received by the Fellowship for any of its programs or services. All gifts that are acceptable under these guidelines are welcome, however the Fellowship encourages unrestricted gifts.

II. Changes to, and Deviations from, the Gift Acceptance Policies.

These policies and guidelines have been reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors of the Summit Unitarian Universalist Fellowship. The Gift Acceptance Committee must review and make recommendations, and the Board of Directors of the Summit Unitarian Universalist Fellowship must approve any changes to, or deviations from, these policies.

III. Use of Legal Counsel. The Fellowship shall seek the advice of legal counsel in matters relating to acceptance of gifts, when appropriate. Review by counsel is recommended for: (1) closely held stock transfers that are subject to restrictions or buy-sell agreements; (2) documents naming Summit Unitarian Universalist Fellowship as Trustee; (3) gifts involving contracts, such as bargain sales or other documents requiring the Summit Unitarian Universalist Fellowship to assume an obligation; (4) transactions with potential conflict of interest that may invoke IRS sanctions; and, (5) other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

IV. Conflict of Interest. The Fellowship 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.

V. Restrictions on Gifts. The Fellowship will accept unrestricted gifts, and restricted gifts for specific programs and purposes, provided that such gifts are not inconsistent with the Fellowship's stated mission, purposes, and priorities. The Fellowship will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the

Fellowship's Articles of Incorporation, gifts that are anticipated by the Gift Acceptance Committee to be too difficult to administer or too limited in usability or liquidity, or gifts that are for purposes outside or beyond the mission of the Fellowship. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of the Fellowship.

VI. The Gift Acceptance Committee.

1. Composition. The Gift Acceptance Committee shall consist of: (a) the President of Summit Unitarian Universalist Fellowship; (b) the Treasurer of Summit Unitarian Universalist Fellowship; and, (c) one Summit Unitarian Universalist Fellowship Endowment Fund Trustee (selected by the Endowment Fund's Trustees) or, if the Summit Unitarian Universalist Fellowship Endowment Fund is not established, one member selected by the Summit Unitarian Universalist Fellowship Board of Directors for a term not to exceed three (3) years; and, (d) ex-officio participation of the congregation's senior minister or her/his designee.

2. Authority and responsibilities. The Gift Acceptance Committee is charged with the responsibility of reviewing all gifts, other than unrestricted cash, made to Summit Unitarian Universalist Fellowship, including the Summit Unitarian Universalist Fellowship Endowment Fund, if established, properly screening and accepting those gifts, and making recommendations to the Summit Unitarian Universalist Fellowship Board of Directors on gift acceptance policy and procedure issues, when appropriate. Complete minutes of each Gift Acceptance Committee meeting will be prepared and provided to the Fellowship's Secretary for retention and distribution. At a minimum, each Gift Acceptance Committee member and the Chair of the Fellowship's Finance Committee will receive a copy of approved minutes of each Gift Acceptance Committee meeting. In documenting its deliberations and decisions, the Gift Acceptance Committee shall comply with any donor request that a contribution be anonymous.

VII. Types of Gifts.

1. Acceptable gifts. The following gifts are acceptable:

- (a) **Cash;**
- (b) **Securities that are immediately marketable;**
- (c) **Real Estate, subject to evaluation;**
- (d) **Remainder Interests in Property;**
- (e) **Bargain Sales;**
- (f) **Life Insurance where the Fellowship owns the policy;**
- (g) **Retirement Plan Beneficiary Designations;**
- (h) **Bequests of cash; and,**
- (i) **Life Insurance Beneficiary Designations.**

2A. Generally not acceptable gifts.

(a) Tangible personal property, subject to the provisions of Paragraph II.

2B. Not acceptable gifts. The following gifts are not acceptable:

(a) Charitable Gift Annuities for management by the Fellowship.

(b) Charitable Remainder Trusts for management by the Fellowship.

(c) Charitable Lead Trusts for management by the Fellowship.

3. Annuities and Trusts. While establishment of Charitable Gift Annuities, Charitable Remainder Trusts, and Charitable Lead Trusts to benefit the Fellowship are encouraged, the Fellowship is not in a position to directly manage any of these planned giving alternatives and recommends that donors directly contact the Unitarian Universalist Association's Planned Giving Department for assistance. The UUA centrally manages programs for charitable gift annuities, charitable remainder trusts and charitable lead trusts for deferred (and current year) giving to the member congregations. Funds contributed in exchange for a gift annuity established to benefit the Fellowship will be invested and managed by the UUA during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Summit Unitarian Universalist Fellowship as designated by the donor.

4. Criteria. The following criteria govern the acceptance of each type of acceptable gift:

(a) Cash. Cash is acceptable in any form. Checks shall be made payable to Summit Unitarian Universalist Fellowship and shall be delivered to the Fellowship's Treasurer at the Fellowship's administrative office (at 8778 Cottonwood Avenue; Santee, CA 92071).

(b) Securities. The Fellowship can accept both publicly traded securities and closely held securities.

1) 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, all marketable securities shall be sold upon receipt unless otherwise directed by the Gift Acceptance Committee. In some cases marketable securities may be restricted by applicable securities laws. In such instance, the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee.

2) Closely Held Securities. Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee. However, gifts of this type must be reviewed prior to acceptance to determine: a) that there are no restrictions on the security that would prevent Summit Unitarian Universalist Fellowship from ultimately converting those assets to cash; b)

that the security is marketable; c) that the security will not generate any undesirable tax consequences for the Fellowship; and, d) that ownership of the security will not result in a potential assessment by the closely held corporation against the Fellowship. If potential problems arise on initial review of the security, further review and recommendation by an outside professional will be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee, after consultation with the Fellowship's legal counsel, when necessary, shall make the final determination on the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.

(c) 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 Fellowship shall require an initial environmental inspection of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Fellowship shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. When appropriate, a title binder shall be obtained by the Fellowship 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 after consultation with the Fellowship's legal counsel. Questions to be considered before acceptance of the property shall include:

- 1) Is the property useful for the purposes of the Fellowship?
- 2) Is the property marketable?
- 3) Are there any restrictions, reservations, easements, or other limitations associated with the property?
- 4) Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc. associated with the property?
- 5) Does the environmental audit reflect that the property is not damaged?

(d) Remainder Interests in Property. The Fellowship will 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 Fellowship may use the property or reduce it to cash. Where the Fellowship 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 primary beneficiary.

(e) Bargain Sales. A bargain or charitable sale is the sale of property to the Fellowship at less than fair market value. Summit Unitarian Universalist Fellowship will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Fellowship. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- 1) The Fellowship must obtain an independent appraisal substantiating the value of the property.
- 2) If the Fellowship assumes debt with the property, the cost of carrying this debt will be evaluated together with total equity in the property and the ratio of debt to fair market value.
- 3) The Fellowship 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.
- 4) The Fellowship must consider the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

(f) Life Insurance where the Fellowship owns the policy. The Fellowship 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 is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Fellowship 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 Fellowship may:

- 1) Continue to pay the premiums;
- 2) Convert the policy to paid up insurance; or,
- 3) Surrender the policy for its current cash value.

(g) Retirement Plan Beneficiary Designations. Donors and supporters of the Fellowship will be encouraged to name the Fellowship as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Fellowship until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

(h) Bequests. Donors and supporters of Summit Unitarian Universalist Fellowship will be encouraged to make bequests to the Fellowship under their wills and trusts. Such bequests will not be recorded as gifts to the Fellowship until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

(i) Life Insurance Beneficiary Designations. Donors and supporters of the Fellowship will be encouraged to name the Fellowship as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Fellowship until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

VIII. Miscellaneous Provisions.

1. Appraisals and legal fees. It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Fellowship.
2. Valuation. The Fellowship will record a gift received by the Fellowship at its valuation for gift purposes on the date of gift.
3. Responsibility for IRS Filings upon sale of gift items. The Gift Acceptance Committee is responsible for preparation of IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Fellowship when the charitable deduction value of the item is more than \$5,000. The Fellowship must file this form within 125 days of the date of sale or disposition of the asset.
4. Timely acknowledgement. Acknowledgement of all gifts made to the Fellowship and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Fellowship's Board of Directors. Guidance in IRS Publication 561 ("Determining the Value of Donated Property") and IRS Publication 526 ("Charitable Contributions") will be applied.

Approved on the _____ day of _____, 2008.

President, Board of Directors, Summit Unitarian Universalist Fellowship