

LEGACY FUNDS MINISTRY GIFT ACCEPTANCE POLICY

Memorial Drive Presbyterian Church
Houston, Texas

A. Introduction:

1. Names:

- a. “Memorial Drive Presbyterian Church”, hereafter called **MDPC**.
- b. “Memorial Drive Presbyterian Church Legacy Giving Committee”, hereafter called **Committee**.
- c. MDPC Session, hereafter called the **Session**.
- d. This document is the “Gift Acceptance Policy”, hereafter called the **GAP**, and forms a part of the MDPC Legacy Funds Ministry. Capitalized terms used in this document and not specifically defined shall have the same meaning as set forth in the Legacy Funds Ministry Policies and Procedures.

2. Purpose:

In 2016, the MDPC Session adopted Legacy Funds Ministry Policies and Procedures (“Policies”) of which this GAP is a part.

3. Acceptable Roles of Pastors, Session and Staff:

Pastors, Session and Committee members and MDPC staff, who have been designated by the Committee, have the authority to receive unsolicited gifts or bequests, as well as to solicit gifts from qualified donor prospects (including individuals, family foundations, trusts and corporations) on behalf of MDPC to secure the future growth and mission of MDPC.

This GAP governs the acceptance of legacy gifts by MDPC, and provides guidance to prospective donors and their advisors when considering legacy gifts to MDPC.

4. Guidelines:

- a. Blanket communications to MDPC members about legacy giving, by written or web site materials or from the pulpit, should be limited to awareness building, with a soft invitation to voluntarily opt-in for more information from the Committee.
- b. Solicitation of legacy gifts should be primarily through small group meetings and one-on-one sessions.
- c. The Committee will consider each gift according to its intended use, restrictions, liabilities, and financial impact on the mission of MDPC.
- d. Donor prospects should be encouraged to place no restrictions upon their anticipated gift to MDPC beyond those permitted by the Policies.
- e. The Committee shall have the responsibility for determining whether or not proposed gifts should be accepted and shall have the authority to secure outside counsel with expertise that may be needed in order to make a decision about specific gifts.

- f. If a proposed gift is declined, the Committee or Session may recommend an alternative agency with a mission that more closely matches the donor's intent.

B. Use of Outside Counsel:

The Committee may seek the advice of outside counsel in matters relating to acceptance or rejection of gifts. Review by counsel is recommended for:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
2. Gifts involving contracts requiring MDPC to assume an obligation.
3. Transactions with a potential conflict of interest.
4. Repurposing restricted testamentary gifts with the consent of all affected parties.
5. Other instances in which use of outside counsel is deemed appropriate.

C. Conflict of Interest:

To avoid any appearance of conflict of interest or potential legal liability, MDPC will encourage prospective donors to seek personal assistance from their own legal and financial advisors in matters relating to their gifts, including possible tax and estate planning benefits or consequences.

D. Gift Acceptance Guidelines:

Gift acceptance decisions will be made by the Committee, based on the following criteria:

1. Gifts that are explicitly designated by the donor for the Church normal operating budget or are, because of past gift patterns or other circumstances, determined to be for the normal operating budget, will not be subject to this policy.
2. MDPC will accept restricted gifts, and can consider gifts for specific programs and purposes, provided that such gifts are not inconsistent with the stated mission, purposes, and priorities of MDPC. Legacy gifts that are restricted in ways that do not conform to the foregoing and that cannot be changed may be accepted as legacy gifts upon the concurrence of the Committee and the Session and if accepted will be managed accordingly.
3. MDPC will not accept gifts that have potential financial or legal liability. Final decisions on the existence of financial or legal liability shall be made by the Session.
4. If, at a later date, the intended goal of a restricted gift no longer exists, and if the donor has not authorized the reallocation of the gift as described in Section F below, and if the donor or his successors is not available to authorize a reallocation, MDPC shall follow applicable Texas statutes and return the unused portion of the gift to the donor.

E. Unrestricted Gifts

Unrestricted gifts that are designated as legacy gifts by the donor or are otherwise determined by the Committee to be outside the normal operating budget, will be allocated to the General Fund.

F. Restricted Gifts

Gifts restricted in use by the donor may be accepted by MDPC, and the restrictions will be honored subject to the following guidelines:

1. Whenever possible, a donor will be asked to express in writing his or her restrictions, if any, on the use of a legacy gift prior to the gift being made. If for any reason these

instructions are not made or cannot be found, the legacy gift will be administered as set out above in “E. Unrestricted Gifts”.

2. Gifts will be allocated to the General Fund, the Designated Legacy Gifts Fund, the Designated Ministry Gifts Fund, or the Special Gifts Fund, based on the donor’s directions and the profiles of the Funds. Sub-funds may be created as set forth in the Policies to accommodate gifts.
3. MDPC shall ask donors of restricted gifts to sign a statement acknowledging that if in the future, the restricted purpose of the gift no longer fits the mission of MDPC, the Session may use the donated resource in a manner consistent with the present day objectives and mission of MDPC, in a manner most closely matching the original donor’s intent as possible.

G. Types of Gifts

The following gifts to MDPC may be acceptable within the governing criteria stated below. ALL GIFTS SHOULD BE MADE PAYABLE TO, OR OTHERWISE TRANSFERRED, DELIVERED OR DIRECTED TO, “MEMORIAL DRIVE PRESBYTERIAN CHURCH LEGACY GIFT FUNDS, HOUSTON, TEXAS”, ALONG WITH ANY DONOR RESTRICTIONS.

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Life Insurance
- Life Insurance Beneficiary Designations
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Promissory Notes

The following criteria govern the acceptance of each gift:

1. **Cash** - Cash is acceptable in any form. Checks shall be made payable to MDPC Legacy Gift Funds, and shall be delivered to MDPC (11612 Memorial Drive Houston, Texas 77024).
2. **Tangible Personal Property** - All other gifts of tangible personal property (art, coins, equipment, cars, etc.) shall be examined in light of the following criteria:
 - Does the property fulfill the mission of MDPC?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?

- Are there any carrying costs for the property?

The Committee shall make the final determination on the acceptance of tangible property gifts valued at more than \$25,000. Every effort will be made to sell all gifts of tangible property as soon as possible.

- 3. Securities** - MDPC can accept both publicly traded securities and closely held securities. 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. MDPC and legal counsel shall make the final determination on the acceptance of closely held securities when necessary.

- **Publicly Traded Securities** - Marketable securities may be transferred to an account maintained at one or more brokerage firms or by certificates delivered physically with the transferor's signature or signed stock power attached. As a general rule, all marketable securities shall be sold upon receipt. 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 MDPC.
- **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 Committee. However, gifts must be reviewed prior to acceptance to consider:
 - whether there are restrictions on the security that would prevent MDPC from ultimately converting those assets to cash within a reasonable time;
 - whether the security is marketable; and
 - whether the security will generate any undesirable consequences for MDPC.

4. 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, if potential donations of real estate have ongoing use by MDPC and it is anticipated that it should be retained, the Committee will work with the donors prior to acceptance of the real estate to have the gift made directly to MDPC rather than to the Legacy Gift Funds.

Every effort will be made to sell real estate accepted by MDPC as quickly as is reasonable, unless the gift is directly related to Sessions approved strategic plan, or expansion plans.

When appropriate, a title binder shall be obtained by MDPC prior to the acceptance of the real property gift. The cost of this title binder shall be paid by the donor.

Prior to acceptance of real property for the use of MDPC, the gift shall be approved by Session. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of MDPC?
- Is the property marketable within a reasonable period?
- Are there any restrictions, reservations, easements, liabilities, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not subject to unacceptable environmental conditions?

5. Remainder Interests in Property - MDPC may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of #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 or lifetime occupant, MDPC may use the property or reduce it to cash. Where MDPC 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.

6. Oil, Gas, and Mineral Interests – MDPC may accept oil and gas property interests, including working interests, subject to the same or similar considerations and due diligence that apply to real estate as set out in Section 4, above.

7. Life Insurance - MDPC Legacy Gift Funds should be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy will be recorded as a gift. The policy is valued at its interpolated terminal reserve value, or cash surrender value, using IRS guidelines, upon receipt. If the donor contributes future premium payments, MDPC 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, MDPC may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

The Committee will review any Life Insurance gifts offered that names MDPC as partial owner of the Policy.

8. Life Insurance Beneficiary Designations - Members and supporters of MDPC may be encouraged to name MDPC Legacy Gift Funds as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts 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. (See #13 **Bequests**)

9. Charitable Gift Annuities - Charitable gift annuities may be arranged with MDPC Legacy Gift Funds as recipient of the remaining principal after payments have terminated.

10. Charitable Remainder Trusts - MDPC Legacy Gift Funds may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Session. MDPC should not accept appointment as trustee of a charitable remainder trust.

11. Charitable Lead Trusts - MDPC Legacy Gift Funds may accept a designation as income beneficiary of a charitable lead trust. MDPC should not accept an appointment as trustee of a charitable lead trust.

12. Retirement Plan Beneficiary Designations - Members and supporters of MDPC can be encouraged to name MDPC Legacy Gift Funds as beneficiary of their retirement plans. Such designations will not be recorded as gifts to MDPC 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.

13. Bequests - Members and supporters of MDPC can be encouraged to make bequests to MDPC Legacy Gift Funds under their wills and trusts. Such bequests will not be recorded as gifts to MDPC 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. Types of Funds

At the time a gift is accepted by MDPC, the gift will be placed in one or more approved funds as provided in the MDPC Investment Committee Policy and Procedures. The manner in which such funds are invested, valued, and other accounting and investment matters, shall be more specifically established in, and pursuant to, these policies and procedures.

I. Miscellaneous Provisions

Securing appraisals and legal fees for gifts to MDPC – When necessary or proper it will be the responsibility of the donor to secure an appraisal and independent legal counsel for all applicable gifts made to MDPC.

Valuation of gifts or pledges for tracking purposes – MDPC will record pledges and gifts received at its valuation for gift tax purposes on the date of gift.

Recognition of irrevocable gifts or pledges - Gifts received by MDPC may be acknowledged through appropriate venues during the course of each year. Public recognition is meant to express appreciation to individuals and institutions who have committed themselves to supporting the mission and programs of MDPC, and to expose radical generosity to other like-minded donor prospects. MDPC will honor the donor's wishes as to how published credit should appear, and will honor those who wish for their contributions to be credited anonymously.

Acknowledgement of all pledges and gifts made to MDPC will be made to the donor promptly, under the joint signatures of the Senior Pastor and Clerk of the Session, and in compliance with the current IRS requirements.

Responsibility for IRS Filings upon sale of gift items - MDPC is responsible for filing the appropriate IRS form or forms upon the sale or disposition of any legacy contribution of property.

J. Expenses

In addition to the places in these policies where it is provided that a donor shall be responsible for certain expenses in connection with a gift, MDPC may request reimbursement from the donor for costs for necessary outside professional services and other expenses incurred in connection with the review or acceptance of the gift.

K. Administrative Issues

1. No Pastor or MDPC staff should act as an executor or personal representative for a donor's estate.
2. For restricted funds, if future circumstances change, or the donor fails to fulfill the pledge obligation, or the purpose for which the fund is established becomes illegal, impractical, or no longer meets the needs of MDPC, the provisions of Section D.4. shall apply.

L. Changes to Gift Acceptance Policies

These policies should be reviewed and accepted by the Committee and the Session. Once approved, the Committee and Session must approve any changes to, or deviations from, these policies by the affirmative vote of a simple majority at a meeting called specifically for this purpose, and with advance notice to all members. Except as provided in Section K(2), limitations or restrictions that were in effect when a legacy gift was made or accepted are not affected by subsequent policy changes.

Effective January 1, 2017