

THE DIOCESE OF EAST TENNESSEE
GIFT ACCEPTANCE POLICY
(Approved by Bishop and Council, Jan. 14, 2000)

PURPOSE

To ensure its accountability to donors, the Diocese has adopted the following gift acceptance policy. This policy will serve as a guide to those involved in making, securing, structuring, receiving and administering gifts to the Diocese of East Tennessee. Because the Diocese expects to operate in perpetuity, wise stewardship of the funds entrusted to it is essential to the Diocese's mission.

This policy is designed to protect all parties involved while helping to ensure that gifts are used in the manner intended by the donor. The review and acceptance process outlined herein, however, is to be closely followed because of the legal, economic and administrative liabilities possible with some gifts.

GIFT REVIEW COMMITTEE

The Diocese shall establish a Gift Review Committee, composed of five confirmed persons who are knowledgeable in the areas of giving, finance, planned giving and the laws surrounding such gifts. Such committee shall be appointed annually by the Bishop and Council. The purpose of this committee shall be to review those gifts which are referred to it under this policy and any not specifically mentioned by this policy.

ACCEPTANCE PROCEDURES

The following procedures relate to unrestricted gifts to the Diocese, gifts restricted to established endowment funds, gifts in memory of or in honor of other persons but without other substantial restrictions and gifts to campaigns or projects of the Diocese as undertaken from time to time.

All other gifts, including gifts with restrictions, gifts to establish new funds, gifts for new purposes, gifts with debt involved, gifts of land, gifts that carry requirements for future funding, gifts with uninsurable liabilities, and similar gifts which may bring ethical, legal, financial, political, theological or public relations circumstances potentially detrimental to the Diocese must be reviewed by the Gift Review Committee before acceptance.

Gifts other than those to be reviewed by the Gift Review Committee shall be subject to the following guidelines:

Cash

- (a) The Diocese shall accept checks in any amount from reputable sources. All checks must be payable to the Diocese with an indication of the purpose of the gift. Cash gifts of \$10,000 or more must be referred to the Gift Review Committee and properly reported to the government, if accepted.
- (b) The Diocese recognizes the role of donors and their gifts to the Diocese in achieving its

religious purposes. The Diocese will recognize and acknowledge donors in appropriate ways both publicly and privately. The Diocese will issue a proper receipt for cash gifts as well as gifts by check in a form that complies with IRS regulations on substantiation.

Marketable Securities

Publicly traded marketable securities may be accepted in one of the following forms:

1. In a physical certificate registered in the name of the Diocese.
 2. In a physical certificate in the name of the donor with properly executed stock powers attached with signatures properly guaranteed.
 3. By transfer to an account of the Diocese from a bank, brokerage firm or similar financial institution.
- (a) Such gifts shall be liquidated immediately.
- (b) Stock controlled under SEC Rule 144 will be held until the restriction on sale expires and then will be immediately sold.
- (c) The gift shall be recorded in the books of the Diocese at the average of the high and low prices on the date of the gift. The Diocese shall provide the donor with an IRS form 8283 and substantiation letter as required by IRS regulations.

RESTRICTED GIFTS

The following types of restricted gifts shall always be referred to the Gift Review Committee:

Closely Held Stock

- (a) The Gift Review Committee shall explore methods and timing of liquidation of the security. It shall review any restrictions, financial exposure, timing of sale and any of the conditions which might impact its desirability. Internal Revenue Service rules require a qualified appraisal to be performed to establish the value of the stock
- (b) No stock shall be accepted which is subject to a formal repurchase agreement at the time of the gift. The Diocese shall issue IRS form 8283 and a substantiation letter to the donor as required by IRS regulations.

Real Estate

All real estate gifts must be reviewed by the Gift Review Committee and the Property Committee.

- (a) Unencumbered real property will be accepted upon approval by both committees and must have at least one qualified appraisal. In most cases, a single appraisal paid for by the donor will be adequate. In some instances, the Diocese will obtain a second appraisal to eliminate any question of conflict of interest.

- (b) Real property that is encumbered by debt shall not be accepted unless there are assets provided to service or retire the debt.
- (c) Before acceptance of real property as a gift, the donor must agree in writing on arrangement for paying expenses associated with the property such as taxes, assessments, appraisal fees, environmental evaluations, tinder's fee, maintenance costs and insurance coverage. The Diocese will not make advances for the payment of such expenses. The donor is responsible for these expenses prior to the acceptance of the property as a gift.
- (d) If not previously completed, an appropriate environmental analysis will be completed on any proposed gift of real property and related assets of the property in order to avoid potential liability for environmental cleanup and toxic and hazardous waste issues.
- (e) The donor is required to execute and acknowledge the Diocese's real property inquiry form which outlines background information, conditions, restrictions, allowances, expenses and income from the property.
- (f) The committee shall not provide the donor with a market value of the gift. The Diocese shall place a value on the property on its records of the lower of the appraisal or the donor's claimed charitable deduction if the amount seems appropriate. The Diocese shall issue IRS form 8283 and a substantiation letter to the donor to comply with IRS regulations.

Life Insurance

- (a) The Diocese may be named as primary or contingent beneficiary of a life insurance type product. For the donor to receive a charitable deduction, the Diocese must be named as owner and beneficiary of the policy.
- (b) The Diocese will accept no responsibility for the payment of future premiums unless the funds are provided for such purpose.
- (c) The gift will be booked by the Diocese at the Cash Surrender Value of the policy at the time of the gift. The Diocese shall provide the donor with IRS form 8283 and appropriate substantiation letter.

Tangible Personal Property

- (a) All gifts of tangible personal property shall be reviewed by the Gift Review Committee.
- (b) Such property may include works of art, jewelry, automobiles, household effects, collections and similar property.
- (c) The committee must determine if the assets can be used for a related purpose within the Diocese or if the assets are readily marketable. The Committee must consider transportation costs, storage and insurance costs, maintenance costs, fees or other costs

related to the acquisition, storage, protection and sale or use of such assets.

- (d) The Diocese and the donor must comply with Treasury regulations for obtaining and reporting qualified appraisals.
- (e) The Diocese shall give no indication of the fair market value of the assets to the donor. The Diocese shall issue IRS form 8283 and a substantiation letter to the donor in an appropriate form to comply with IRS regulations.

Deferred Gifts

Pooled Income Funds, Charitable Remainder Trusts and Charitable Lead Trusts

The Diocese may receive and should encourage deferred gifts. These types of vehicles pay income or the remainder to the Diocese. The following guidelines should be observed with these types of gifts:

- (a) Because of the complexity of the vehicles, competent representatives of the Diocese shall review each document, if possible, to ensure that the ultimate purpose of the gift is understood.
- (b) These vehicles carry no legal liability to the Diocese other than to follow the donor's wishes when the funds are received. All such gifts, when known, shall be reported to the Gift Review Committee and considered for membership in the Bishop Tharp Legacy Society.

Charitable Bequests

Charitable bequests may be unrestricted or restricted. Unrestricted bequests may be accepted without review by the Gift Review Committee while restricted bequests will require such review. Membership in the Bishop Tharp Legacy Society should be considered with this type of gift.

Retained Life Estates

It may be in the donor's best interest to deed an asset to the Diocese but retain the use of the property during the donor's lifetime. All such gifts shall be reviewed by the Gift Review Committee for possible costs and liability. Donor shall maintain property and pay taxes, insurance and any other costs associated with the upkeep of the property during donor's lifetime.

Charitable Gift Annuities

- (a) Charitable Gift Annuities are general obligations of a charity and subject to the terms of an annuity agreement.
- (b) All such agreements with the Diocese must be reviewed by the Gift Review Committee and the Chancellor of the Diocese, and, if recommended by those entities, sent to the Bishop and Council for final approval.

- (c) Competent legal help must be sought where needed. Neither the Diocese nor its employees may act as counsel, serve as executor, trustee, administrator or in any other fiduciary role. All information concerning the donor shall be held in the strictest confidence.

It is the policy of this Diocese to accept gifts which further the mission and goals of the Diocese and decline gifts which would create unacceptable administrative burdens, assumption of unacceptable risk or costs or do not further the mission and goals of the Diocese. In all activities, forms, reports and letters shall be produced which meet both the legal and tax needs of the donor as well as the legal, tax and donor relation needs of the Diocese.

May the gifts received under this policy be used to the Glory of God and the furtherance of His Kingdom in the Diocese of East Tennessee.

Adopted this ____ day of _____, 2000.

By: _____