

THE EPISCOPAL CHURCH IN THE DIOCESE OF ALABAMA
Gift Acceptance Policies and Guidelines

The Episcopal Church in the Diocese of Alabama (the “Diocese”), a nonprofit corporation organized under the laws of the State of Alabama, encourages and accepts gifts for purposes that will further our mission and ministry. The purpose of the policies and guidelines set forth below shall be to govern the acceptance of charitable gifts by the Diocese and its ministries. It shall also serve to provide guidance to parishes, prospective donors, and their advisors.

TITLE I. PRINCIPLES AND DEFINITIONS

A. Gift Acceptance

Except when this policy indicates otherwise, gift acceptance is the responsibility of the Diocesan Bishop as the principal executive officer of the Diocese. Reception of a gift by staff or volunteers of the Diocese does not constitute acceptance of that gift if the gift falls outside the parameters and requirements of these guidelines. Gifts not routinely encountered in the course of fundraising are subject to due diligence before determinations of acceptance will be made. This policy applies to all annual, current, or deferred gifts offered, made, received, and accepted by any department, division, program, or service of the Diocese.

B. Responsibility to Donors

1. General. The Diocese, its staff, and representatives shall assist donors in making gifts within the policies and guidelines of the Diocese.
2. Confidentiality. The Diocese holds all communications with donors and information concerning donors, their gifts, and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts.
3. Anonymity. The Diocese shall respect donor requests for anonymity and will take reasonable steps to safeguard donor identity.
4. Conflict of Interest. The Diocese does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are urged to seek the assistance of independent professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

C. Scope

These policies shall serve as the general policy governing fundraising for the Diocese. Policies may be approved by Convention or Diocesan Council for the work of a particular

ministry or function of the Diocese which may grant exception or addition to these policies (e.g. The Alabama Episcopal Foundation Gift Acceptance Policies and Guidelines). Diocesan Council or Convention may also grant an exception to these policies by approval of specific policies and procedures developed for capital campaigns and other fundraising campaigns (e.g. The Bethany Village Fundraising Policies and Procedures).

Parishes and ancillary ministries thereof are encouraged to follow these policies as required by applicable canons and policies of the Diocese.

For the purpose of this document, the term “IRS regulations” shall be understood to include the Internal Revenue Code, U.S. Treasury regulations (26 C.F.R.) – commonly referred to as Federal tax regulations, and other official tax guidance as published in the Internal Revenue Bulletin (IRB).

D. Accounting, Valuation, and Recognition

Accounting and reporting of charitable gifts, whether tangible or intangible, shall be in accordance with the accounting principles and policies of the Diocese. Valuation of charitable gifts shall be in accordance with the published guidelines of the National Association of Charitable Gift Planners (formerly the Partnership for Philanthropic Planning).

Donor Recognition is beyond the scope of this policy and may vary from accounting and valuation standards. Separate procedures and guidelines may be established for donor recognition.

E. Costs Associated With Gifts

Costs associated with a gift will normally be the responsibility of the donor as a part of making the gift. Such costs may include but are not limited to appraisals, taxes due, storage, maintenance, and transfer expenses. Donors should consult with a financial professional regarding the tax consequences and deduction of such costs.

F. Use of Legal Counsel

The Diocese does not provide legal, accounting, or tax advice. Donors shall be advised to consult attorneys or professional tax advisors.

The Diocese may seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate.

G. Ethics

Unless specifically authorized otherwise by this policy, acceptance of gifts shall adhere to the principles outlined in

1. The Donor Bill of Rights developed by the Association of Fundraising Professionals (AFP), Association of Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Giving Institute.
2. The AFP Code of Ethical Principles and Standards developed by the Association of Fundraising Professionals.
3. Model Standards of Practice for Charitable Gift Planners developed by the National Committee on Planned Giving.

H. Gifts with Restrictions or Designations

1. Unrestricted Gifts. Donors will be encouraged to make unrestricted gifts to provide the maximum flexibility in allocating resources and funding programs for the community. The Diocese will not accept gifts that are inconsistent with its mission, purpose or are judged too difficult to administer.
2. Restricted and Designated Gifts. The Diocese may accept current and annual gifts with requests or designations in accordance with these policies. No gift shall be accepted which creates a financial or administrative burden, impairs the Diocese's ability to define and pursue its mission, requires illegal or unethical acts, hinders governance or administration, or compromises the tax-exempt status.
3. Restrictions on Planned Gifts. The Diocese retains the right to disclaim distributions from matured planned gifts. Planned Gifts with restrictions or designations will be accepted and administered in accordance with donor agreements, canons and applicable policies, and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
4. Memorials and Honorarium Gifts. Gifts given in Honor or in Memory are deposited in accordance with applicable policies and procedures unless the donor requests otherwise.

TITLE II. OUTRIGHT GIFTS

An outright gift is a voluntary transfer of value to the Diocese in the form of cash, securities or property without receipt of consideration or economic benefit by the donor in return for making the gift. Such gifts are placed at the immediate disposal of the Diocese and may be either restricted or unrestricted in purpose; however, once the gift(s) is accepted, the donor has no direct decision-making power regarding the gift. Most types of property may be donated to the Diocese as outright gifts, although gifts other than cash and publicly traded securities must comply with the provisions and guidelines set out in applicable policies and procedures.

A. Gifts of Cash and Marketable Securities

Immediate, completed charitable gifts of the type and nature described below will be accepted in the course of regular business at the Diocese.

1. Cash. Cash is acceptable in the form of U.S. currency, money orders, checks, credit card transaction, or fund transfer. Foreign currency should be converted to U.S. currency prior to donation.
2. Publicly Traded Securities. Securities regularly traded on a public stock exchange should be transferred to one or more local brokerage accounts held in the name of the Diocese. Marketable securities certificates may be delivered physically to the Diocesan offices in accordance with IRS regulations. As a general rule, all marketable securities will be sold upon receipt. When otherwise marketable securities are restricted by applicable law, the final determination of the acceptance of a specific gift of such securities shall be the responsibility of the Bishop. Gifts of options, contracts, futures, and other alternative investments require Finance Committee review and Diocesan Council approval prior to acceptance.
3. Closely Held Securities. Acceptance of closely held securities, which include debt and equity positions in non-publicly traded companies and interests in partnerships, limited liability companies, and similar entities, must be reviewed by the Finance Committee and approved by Diocesan Council prior to acceptance.
4. Quid Pro Quo Contributions. Payments made to the Diocese partly as a charitable gift and partly in consideration for goods and services provided as part of an event, sale, auction or similar activity will constitute a *quid pro quo* contribution subject to the provisions of U.S. tax law. The charitable gift amount of a *quid pro quo* contribution may not be counted in fulfillment of an individual annual pledge.
5. Donor Advised Funds, Pooled Income Funds, and Private Foundations. Gifts will be accepted from Donor Advised Funds, Pooled Income Funds, and Private Foundations in accordance with the requirements of U.S. tax law and the sponsoring organization. The Diocese does not serve as a sponsoring or administering organization for Donor Advised Funds, Private Foundations, or Pooled Income Funds.

B. Gifts of Tangible and Intangible Property and Services

Gifts of tangible and intangible property may be accepted following due diligence to determine if:

1. The property will further the mission and purposes of the Diocese.
2. The property is readily marketable.
3. There are any restrictions on the use, display, or sale of the property.
4. There are carrying costs, adverse legal consequences, or potential liabilities associated with ownership of the property.

Gifts that may obligate the Diocese to perpetual ownership shall be accepted only after review by the Finance Committee and approval of Diocesan Council.

1. Tangible Personal Property (TPP). TPP is corporeal, moveable property as distinguished from real (immovable) property and includes but is not limited to art, collectibles, vehicles, boats, computer hardware, and office equipment. Gifts with values equal to or greater than \$5,000 shall be reported at the value determined by a qualified, independent appraiser as defined by the Internal Revenue Service (IRS). In accordance with IRS guidelines, the donor is responsible for obtaining a qualified independent appraisal and submitting a copy of IRS Form 8283 to the Diocese with a copy of the appraisal. Gifts with a value of less than \$5,000 shall be reported in accordance with Title I. Paragraph D. (page 3) above and in compliance with any applicable IRS guidelines.

2. Intangible Personal Property. Intangible Personal Property is incorporeal property with a value derived from its intellectual content or other intangible properties. It includes, but is not limited to:
 - a. Computer software
 - b. Patents, inventions, and processes
 - c. Copyrights and literary, musical, or artistic compositions
 - d. Trademarks, trade names, or brand names
 - e. Franchises, licenses or contracts

Due to the unique nature of Intangible Personal Property, due diligence, review by the Finance Committee, and approval by Diocesan Council will always be required before acceptance of a gift, unless such property is specifically covered by another provision of this policy (e.g. gifts of stock).

3. Contributed Services. The Diocese gratefully acknowledges the many hours of volunteer time and support given by individuals and corporations. Based on Financial Accounting Standards Board (FASB) guidelines and IRS regulations, contributed services are not considered charitable contributions and the Diocese does not assign a monetary value to contributed services.

4. Gifts-in-Kind. Based on FASB guidelines and IRS regulations, the following types of in-kind contributions are not considered charitable contributions and the Diocese does not assign a value to these intangible gifts: limited and temporary use of real property, discounts on purchases, and costs of appraisal. Gifts-in-Kind may not be used to satisfy pledges unless specifically approved in advance.

C. Gifts of Real Property

The Diocese welcomes charitable gifts of real estate (immovable property) consistent with our overall mission and purpose and in keeping with these guidelines and

procedures. Gifts of real property typically require more consideration and planning than other gifts and the following guidelines and procedures are intended to protect the interests of both the donor and the Diocese.

Each gift of real property is unique and the decision to accept the property is the responsibility of Diocesan Council. This decision process will require sufficient time for reasonable due diligence. Criteria for accepting real property shall include, but not be limited to:

- a. Is the property useful for the purposes of the Diocese?
- b. Is the property marketable with a reasonable expectation of sale within one year?
- c. Are there restrictions, reservations, easements, or other limitations associated with the property?
- d. Are there carrying costs for the property?
- e. Is there environmental damage or contamination that could subject the Diocese to liability claims?

The Diocese cannot offer financial, legal, or tax advice to donors and the information and procedures contained in these policies and attachments should be reviewed with a donor's financial and legal advisors.

1. Property Review. Prior to acceptance of real estate, the Diocese will require an initial environmental review of the property to ensure that the property is not contaminated with environmental damage. Environmental inspections forms will be developed and maintained by the Diocesan office. In the event that the initial inspection reveals a potential problem, the Diocese will retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be negotiated with the donor
2. Required Information. Because legal restrictions may limit the ability of the Diocese to own or sell a parcel of real estate, relevant information will be reviewed before a decision to accept a gift of real property is made. Documents required for review include, but are not limited to:
 - a. A copy of the current deed to the property.
 - b. A copy of a current real estate appraisal by a qualified real estate appraiser.
 - c. Copies of the current property tax statements and in force insurance policies.
 - d. A recent title search and commitment.
3. Other Considerations.
 - a. Generally, property should be located in the Diocesan geographical area or contiguous counties to facilitate the inspection and management of the property

- b. The Diocese normally will not accept gifts of real property encumbered by a mortgage or other liens.
 - c. Expenses incurred in the acceptance and liquidation of a real estate gift will normally be the responsibility of the donor and may include but are not limited to association fees, documentary stamps, surveys, termite inspections, structural inspection of buildings, inspections of all utilities, commissions, appraisal fees, title work, a title binder, closing costs, legal fees, property taxes, insurance, environmental assessments, and maintenance costs.
 - d. Donated properties must be in material compliance with all applicable zoning, land use, building and health codes, and other laws, rules, and regulations, and where appropriate, a certificate of occupancy must be provided for improved properties.
 - e. The donor may be required to indemnify the Diocese against any liabilities associated with the property.
 - f. A title binder may be obtained by the Diocese prior to the acceptance of a gift of real property. Subsequent to the transfer, the donor shall provide Diocese with a title policy. The cost of this title binder and policy shall be the responsibility of the donor. The acceptance of a gift of real property is conditioned upon title acceptable to Diocese.
 - g. The Diocese encourages donors to consult with their personal legal and financial advisors about the legal and tax requirements of donating real property.
4. Sale and Disposition. Gifts of real property will normally be marketed and sold immediately. Diocesan Council reserves the right to make exceptions in specific situations.
 5. Bargain Sales and Retained Interest. Gifts of real property with a retained life estate or elements of a bargain sale will be considered on a case by case basis and are subject to the same policies governing acceptance of all other gifts. With gifts of real property with a retained interest, where the donor or other persons continue to occupy the property, all expenses for maintenance, taxes, insurance, and property indebtedness shall remain the responsibility of the donor or the donor's estate.
 6. Time Share Interests. The Diocese does not accept Time Share interests of any kind.

TITLE III. DEFERRED GIFTS

A deferred gift involves the irrevocable transfer of an asset to the Diocese at a future date by pledge, agreement, or written notification of intent. Current tax laws allow several planning alternatives for deferred gifts and the Diocese urges all prospective donors to consult with a legal or financial advisor regarding the tax and estate planning impact of deferred gifts.

A. Testamentary and Estate Gifts

1. Bequests. Unrestricted bequests of any size will be accepted so long as such bequests will support and further the mission and purpose of the Diocese. Restricted bequests will be accepted in accordance with these and other applicable policies and procedures of the Diocese. A bequest may be for a specific amount, a percentage of the estate, or for the residuum. The Diocese retains the right to disclaim a bequest should receipt not be in accordance with the policies and procedures of the Diocese.

The legal name of the Diocese for the purpose of a bequest is The (Protestant) Episcopal Church in the Diocese of Alabama.

2. Beneficiary Designations. Gifts that result from the Diocese being named as a beneficiary of a retirement plan, life insurance policy (see also paragraph D below), or other estate planning vehicle will be accepted if in keeping with the Diocesan mission and purpose. The Diocese retains the right to disclaim a beneficiary designation.

B. Life Income Agreements

1. Trusts. The Diocese encourages its donors to name the organization as an income or remainder beneficiary of a trust. The Diocese cannot accept appointment as Trustee of a trust and encourages donors to consult with a professional fiduciary.
2. Charitable Gift Annuities. The Diocese does not currently offer Charitable Gift Annuities (CGA). The Diocese will work with donors desiring to fund a CGA with a remainder interest benefitting the Diocese through the Episcopal Church Foundation.

C. Life Insurance Policies

The Diocese gratefully accepts gifts of life insurance policies in accordance with requirements outlined below. Life insurance gifts will be designated as reserved or restricted funds.

No insurance companies or agents are endorsed by the Diocese for use in funding gifts.

The Diocese retains the right to administer owned life insurance policies in the best interest of the organization to include, but not limited to, conversion and/or surrender of a policy for its current cash value in order to preserve the integrity of the original gift value.

Life insurance policies owned by the Diocese or the rights as a beneficiary will not be sold or transferred to a third party or as part of a viatical agreement.

There are 3 ways to make a life insurance gift to the Diocese.

1. Beneficiary of a Policy. The Diocese will accept an assignment as a beneficiary of a life insurance policy owned by the donor in accordance with applicable guidelines and procedures.
2. Gift of an Existing Policy. The irrevocable transfer of ownership of a life insurance policy to The Diocese constitutes a completed gift subject to the following:

- a. The policy is wholly owned by The Diocese with no incidents of ownership retained by the donor.
 - b. The policy should be fully paid-up. The Bishop may accept the gift of a life insurance policy with premiums remaining if the donor makes a written pledge of charitable contributions to the Diocese equal to the outstanding premiums.
 - i. “Fully paid up” indicates that sufficient payments on the insurance policy have been made to guarantee or endow a minimum of the face value of the policy.
 - c. There can be no loans outstanding against the policy.
3. Gift of a New Policy. The irrevocable gift of a new life insurance policy to the Diocese is an excellent means of leveraging a charitable gift.

In order to preserve the integrity of the life insurance policy and the intent of the donor, the following guidelines are recommended for all life insurance policies:

- a. Any combination of policy vehicles or products may be utilized and may be composed exclusively or in an approved combination of Whole Life, Term Life, and Universal Life policies. Term Life policies may only be used in combination with a Whole Life policy. Variable Universal Life policies should not be utilized.
- b. The policy shall be wholly owned by the Diocese with no incidents of ownership retained by the donor.
- c. Policies shall be issued by an insurance carrier with a Moody’s rating of A2 or higher.
- d. Policies must be structured so that all premiums required to guarantee or endow the death benefit are paid on an annual basis for up to 5 years (7 years with prior approval).
- e. Premium illustrations should include a guaranteed return illustration.
- f. The donor will make annual contributions to the Diocese in the amount of the premium. The Diocese will pay the premium to the insurance carrier.

TITLE IV. PLEDGES

These guidelines are general in scope and may be altered by the policies, procedures, and guidelines governing a specific type of gift or a specific campaign.

A. Pledges

For the purposes of this document, a pledge is a written notification of intent to make a gift to the Diocese.

- 1. Pledges must be documented by a pledge card, letter of intent, donor agreement or another form.

2. Pledges will specify the installments in which the gift is to be paid over a period not to exceed five (5) years.
3. Statements for pledge contributions due will be sent to donors at appropriate intervals consistent with the pledge.
4. Gifts-in-kind, Memorials and Honorariums, *quid pro quo* gifts, contributed services, and gifts without a recognized value cannot satisfy a pledge or serve as a payment toward a pledge

Approved by the Department of Development and Recommended to the Finance Committee on October 12, 2017

Approved by Diocesan Council on October 19, 2017