

Western District Conference
GIFT ACCEPTANCE POLICY
and
Procedural Guidelines

2nd Draft
January 9, 2007

Adopted
Stewardship Commission
November 12, 2007

Adopted
WDC Executive Board
January 27, 2008

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GIFT ACCEPTANCE POLICY

In this document whenever Western District Conference is printed, Western District Conference or its successors is implied.

- A. It is the policy of the Western District Conference of Mennonite Church USA to:
1. strive to achieve financial stability for the current and future projects of Western District;
 2. protect the interests of Western District and those who support its programs;
 3. assure that all gifts to, or for the use of, Western District are structured to provide maximum benefits to both parties; and
 4. encourage funding of the Western District Conference without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner which is not in keeping with the mission of Western District Conference.
- B. The Conference Minister or the Business Manager of Western District is authorized to accept on behalf of the organization, any outright or current gifts of personal or real property that can be used, or can be converted for use, for the general purposes of the organization.
- C. Any gift that is restricted in any manner or otherwise encumbered, including but not limited to charitable lead trusts, annuities, pooled income funds, life insurance policies, and real estate interests, requires approval by the Stewardship Commission in consultation with the Trustee Committee.
- D. The Board and Commissions acknowledge that every donor has the right: 1) to reasonable access to the organization's most recent financial statements; 2) to be informed about the way the organization intends to use their donations; and 3) to be assured that their gifts will be used for the purposes for which they were given.
- E. Every donor's right to privacy will be respected and any financial or other personal information provided to the organization will be treated confidentially. The amount and nature of the gift will not be released or sold to any other organization or person to the fullest extent provided by law, unless specifically authorized by the donor.
- F. All gifts received by Western District shall be properly receipted and an acknowledgement letter sent to the donor and/or party responsible for the distribution of the gift.
- G. This policy may be amended by the Stewardship Commission from time to time, on its own motion or upon recommendation of the Trustee Committee.

This Gift Acceptance Policy and the attached Procedures and Guidelines (dated 01/27/08) are hereby Approved and Adopted by the


WDC Stewardship Commission.

WDC Executive Board



Julie Gaeddert
Stewardship Commission Chairperson

Jay Goering



Executive Board Chairperson

PROCEDURES / GUIDELINES FOR ACCEPTING GIFTS
and
Description of Types of Gifts & Giving Vehicles Acceptable
(Spring 2007)

To optimize funding from individuals and other entities, Western District must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. It is understood that except where stated otherwise, these procedures are intended as guidelines, and that flexibility must be maintained since some gift situations can be complex, and decisions are made only after careful consideration of a number of interrelated factors. Therefore, these procedures will in some instances require that the merits of a particular gift be considered by the Stewardship Commission with the aid of the Trustee Committee, who may also seek approval of the Executive Board for final gift acceptance status.

I. CURRENT / OUTRIGHT GIFTS *(All undesignated current gifts shall be applied to the “Undesignated Contributions” fund unless otherwise publicized)*

A. Cash

1. Gifts in the form of cash and checks shall be accepted regardless of the amount. As in the case of all gifts, if there is a question as to whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds as a gift to Western District, said funds will be held in escrow until such determination has been made.
2. All checks must be made payable to Western District and shall in no event be made payable to an employee, agent, or volunteer for the credit of Western District. Checks made payable to anyone other than Western District must be properly endorsed before deposited by Western District.
3. The donor shall receive a receipt for the face value of the gift.

B. Soft Credit Gifts

Commodity Gifts

1. Western District affirms the concept of “first fruits giving” and welcomes gifts of commodities (grain and livestock). All commodities contributed are to be converted into cash at the time that the commodity has been transferred to Western District. Commodity gifts other than grain and livestock require the approval of the Stewardship Commission.
2. Donors are to:
 - a. advise agent where commodity is delivered to make check payable to Western District
 - b. request agent to note the donor’s name on check stub as consignee, unless contribution is to be anonymous
 - c. advise Western District if the contribution is to be designated to a specific cause.
3. To release the donor from control of pricing grain commodities, Western District shall send a notice to each area grain depository annually, authorizing immediate sale of any grain transferred to Western District.
4. Since a commodity gift may not be tax deductible, the donor shall receive an acknowledgement of the gift received – not a gift receipt. This value, will however, be credited to the donor’s church giving record as a soft credit.

Distribution from Gift Funds

1. Western District affirms those who donate through foundation donor advised funds (e.g. Mennonite Foundation, community foundations, etc.).
2. While the donation to a foundation is tax deductible, distributions from a donor advised fund are not tax deductible. Therefore, the donor shall receive an acknowledgement of the gift received from the foundation – not a gift receipt. This gift, will however, be credited to the donor’s church giving record as a soft credit.

C. Publicly Traded Securities

1. Securities, which are traded on any stock exchange, will be accepted by Western District. It may be anticipated that such securities will be immediately sold by Western District. In no event shall an employee or volunteer working on behalf of Western District commit to a donor that a particular security will be held by Western District unless authorized to do so by the Stewardship Commission.
2. The donor receives the value of the average of the high and low per share price times the number of shares on the date of transfer. Valuation is determined by IRS regulations.

D. Closely Held Securities

1. Non-publicly traded securities may be accepted and subsequently disposed of upon approval of the Stewardship Commission.
2. The donor's valuation will be done in accordance with then current IRS regulations.
3. Absolutely no commitments shall be made for the repurchase of such securities by Western District prior to completion of a gift of securities.

E. Real Estate Property

1. No gift of real estate shall be accepted without prior approval of the Stewardship Commission.
2. There must be no written or oral sale agreement or commitment before gift transfer. If donor has already executed an option or sales agreement, it will have significant negative capital gains tax implications and may limit deductibility and have other adverse consequences to the donor and Western District.
3. Any real estate property encumbered by a mortgage or deed of trust may be accepted only after Western District has received an opinion from Western District's legal counsel that the ownership of such property and the payment on such mortgage will not give rise to unrelated business income for Western District or the disqualification of certain split interest gifts.
4. No gift of real estate shall be accepted without first being appraised by a party chosen by Western District who shall have no business or other relationship to the donor. The appraisal fee must be paid by the donor to avoid bargain sales rules. (*The appraisal fee is deductible by the donor who itemizes deductions as an expense paid in connection with the determination of his or her income tax liability. IRC Section 213(3), Rev. Rul. 67-461, 1967-2 C.B. 125.*)
5. Real estate gifts may require an examination of title and a certification on the part of the title examiner that Western District will be vested with good and marketable fee simple title upon delivery of a deed purporting to convey such real estate.
6. The Stewardship Commission may also require an environmental audit with respect to such property in order to determine if there is any condition or if there are any substances or materials present which would cause Western District potential liability under any applicable state or federal environmental law. The donor's valuation will generally be equal to the fair market value as established by a qualified appraisal. The donor has the burden of proof as to value.
7. In general, residential real estate located within the confines of the State of Kansas with a value estimated by the donor or qualified appraiser at \$5,000 or greater will be accepted, unless the Stewardship Commission shall determine that the property is not suitable for acceptance as a gift. Any other residential real estate may be accepted if the Stewardship Commission has reason to believe that such property is readily marketable.
8. No commercial real estate shall be accepted by anyone on behalf of Western District without approval of the Stewardship Commission with the aid of the Trustee Commission. All environmental clearances must be in evidence before gift acceptance can be considered.
9. Vacation lots and time share or condominium interests will only be accepted if donor contributes additional cash at the time of the gift to pay toward dues and expenses, and Western District must be provided assurance that the property can be sold within a year and that the property is not declining in its value.

10. Real estate shall not be accepted to fund a charitable gift annuity without seeking an opinion of a professional financial advisor as to the permissibility of this action under the laws of the state or states involved.
11. Fees / expenses – (*e.g. deed, transfer taxes, audits, title opinion or insurance, etc.*) The determination of the amount of expense to be borne by Western District in connection with such fees shall be made by the GAC. – See section III

F. Tangible Personal Property

1. Jewelry, artwork, collections and other personal property may be accepted provided the value of such property has been accurately assessed by professional appraisal or other appropriate substantiation. Such property can only be accepted upon approval of the Stewardship Commission or its designee. The Stewardship Commission may, at its discretion, cause an appraisal to be made of any gift of tangible property irrespective of whether the donor has furnished such appraisal.
2. No personal property shall be accepted by Western District unless there is reason to believe the property can be used for the benefit of Western District or it can be readily disposed of. No personal property shall be accepted that obligates Western District to ownership of it in perpetuity. No perishable property or property which will require special facilities or security to properly safeguard will be accepted without prior approval of the Stewardship Commission with the aid of the Trustee Committee.
3. Notwithstanding the foregoing, all such gifts must be evaluated such that the appraisal is qualified under terms of the Internal Revenue Code governing gifts of property of this type. The gift will be receipted as a “Gift-In-Kind” using the appraised or fair market value of the gift.
4. Only the Stewardship Commission, or other persons authorized by the Executive Board to do so, may represent to a donor that property will or will not be held by Western District for a specific period of time or for purposes related to its tax-exempt status. Donors should be notified at the time of receipt of a gift that Western District will, as a matter of corporate policy, cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.

G. Other Property

1. Other property of any description including mortgages, notes, copyrights, royalties, patents, trademarks, oil or gas interests or easements, whether real or personal, shall only be accepted by action of the Stewardship Commission or persons duly acting on its behalf.
2. Appropriate inquiry shall be made and special consideration shall be given to the nature of any gift of property, and whether it is in keeping with the mission of Western District prior to the acceptance of any property by Western District.

II. DEFERRED GIFTS

A. Bequests (*Undesignated bequests of \$500 or more will be deposited into the Western District Vision 2012 account until August 1, 2008.*)

1. Gifts through wills and trusts (bequests) shall be actively encouraged by Western District.
2. Inquiries by prospective donors with respect to property proposed to be given to Western District shall be reviewed by the Stewardship Commission or its designee in accordance with the terms and provisions of the Gift Acceptance Policy.
3. Gifts from the estates of deceased donors consisting of property, which is not acceptable, shall be rejected only by action of the Executive Board. The legal counsel of Western District shall expeditiously communicate the decision of the Executive Board to the legal representatives of the estate. If there is any indication that the representatives of the estate or any family member of the deceased is dissatisfied with the decision of the Executive Board, this fact shall be communicated to the Board.
4. Attempts shall be made to discover bequest expectancies wherever possible in order to reveal situations which might lead to unpleasant donor relations in the future. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Stewardship Commission and every

attempt made to encourage the donor involved to conform his or her plans to Western District's policy.

B. Planned Giving Instruments

1. The Stewardship Commission of Western District has identified The Mennonite Foundation as a fiduciary in which it has confidence. Persons wishing to make a contribution using planned giving instruments may consult The Mennonite Foundation directly. Donors may also choose to use their personal fiduciary advisors or a commercial bank's Trust Department to establish a planned gift. Such Planned Giving instruments include:
 - a. Charitable Remainder Trusts
 - b. Pooled Income Funds
 - c. Charitable Gift Annuities
 - d. Charitable Lead Trusts
 - e. Charitable Remainder Unitrusts
 - f. Charitable Remainder Annuity Trusts
 - g. Deferred Income Charitable Gift Annuities
2. *Western District, acting through the Stewardship Commission or its designees, shall not attempt to give legal, tax, or financial advice as it offers gift proposals and shall include a disclaimer to that fact on each gift proposal* and in related correspondence with prospective donors. Western District understands and conveys that the donor's first intent in using a deferred gift instrument is to make a gift. *Donor(s) will be encouraged to seek advice of the donor's personal, legal, tax and financial advisors as to other benefits.* Marketing of these instruments will be as gift instruments and not as tax avoidance devices or investment vehicles.
3. Western District will not serve as sole trustee of a charitable remainder trust or any other planned gift for the benefit of Western District, unless such arrangement is approved by the Executive Board on the recommendation of the Stewardship Commission.
4. The fees for management of planned giving instruments will not be paid by Western District unless such payment is approved by the Executive Board.
5. The Stewardship Commission and other employees and volunteers acting on behalf of Western District should become familiar with the types of property generally accepted by corporate fiduciary(ies) as suitable contributions to fund charitable remainder trusts or any other type of planned gift. Employees or others acting on behalf of Western District shall not encourage donors to make gifts of any property which are not in keeping with such guidelines.

C. Life Estate Gifts

1. Donors shall generally not be encouraged to make gifts of real property to Western District under which they maintain a life interest in the property.
2. This guideline is based on the fact that such transfers may not be in the best interest of the donor involved and there is a potential for negative publicity for Western District should a donor have a need to sell the property to generate funds, only to find that a relatively small portion of the proceeds would be available to the donor as owner of the life estate. *[Such transfers could have implications effecting application for Medicaid assistance – e.g. transfers of real property involving the retention of a life estate can result in a period of Medicaid ineligibility for a donor if the transfer occurs within the three-year (present law) look back period.]* Furthermore, valuation of the present value of the remainder interest for tax purposes is an involved calculation that sometimes results in misunderstanding and frustration of donor intent.
3. Such gifts may be accepted with approval of the Executive Board in situations where the asset involved appears to be a minor portion of the donor's wealth or other considerations warrant acceptance, and the Board is satisfied that there has been full written disclosure to the donor, and/or the donor's children, of the possible future ramifications of the transactions.
4. Western District generally will not permit the transfer of the remainder interest to other properties, absent exceptional circumstances and the approval of the Executive Board.

D. Gifts of Life Insurance

1. Western District will encourage donors to name Western District to receive all or a portion of the benefits of life insurance policies.
2. Western District will not, however, generally agree to accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy will be made only after researching relevant State and Federal laws to ensure that Western District has an insurable interest under applicable state law.
3. No insurance products or insurance agents may be encouraged for use in funding gifts to Western District without approval of the Executive Board.
4. In no event shall lists of Western District's donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or Western District. This practice represents a potential conflict of interest, may cause donor relations problems, and may subject Western District to State insurance regulations should the activity be construed as involvement in the marketing of life insurance.

III. PAYMENT OF FEES RELATED TO GIFTS TO WESTERN DISTRICT

A. Finder's Fees or Commissions

1. Western District will pay no fee to any person as consideration for directing a gift to Western District. It is understood that such fees may or may not be legal and that in the case of irrevocable deferred gifts which involve management of assets, the payment of such fee may subject Western District and its management and Executive Board to federal and state security regulation.

B. Professional Fees

1. Western District may pay reasonable fees for professional services rendered in connection with the completion of a gift to Western District. Such fees will be paid only: 1) following discussion with and approval by the donor; and 2) with prior written approval of the Executive Board.
2. In the case of legal, accounting and other professional fees, an attempt shall be made by the Stewardship Commission to ascertain the reasonableness of these fees prior to payment. An hourly breakdown of time should be requested. In cases, which appear excessive, the summary of fees shall be submitted to the Trustee Commission for review and approval prior to payment.
3. Fees shall be reasonable, and directly related to the completion of a gift. They shall be limited to: 1) appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest (*must be paid by donor*); 2) legal fees for the preparation of documents; 3) accounting fees incident to the transaction; and 4) fees of "fee for service" financial planners. In the case of financial planners, such persons must provide written proof that they are compensated only through fees for services rendered and that they are not compensated for the sale of products to clients.
4. In cases where the persons receiving fees were initially employed by the donor, and Western District is asked to pay the fees involved, the donor shall be notified that the payment of such fees may result in taxable income to the donor in the amount of the fees paid.
5. In situations where advisors retained by Western District prepare documents or render advice in any form to Western District and/or a donor to Western District, it shall be disclosed to the donor that the professional involved is in the employ of Western District and is not acting on behalf of the donor and that any documents or other advice rendered in the course of the relationship between Western District and the donor should be reviewed by counsel for the donor prior to completion of the gift.

IV. Matters Relating to the Internal Revenue Service

- A.** Western District will cooperate fully with any investigation of the Internal Revenue Service or any other governmental agency having jurisdiction with respect to the identity, composition or value of any gift made to Western District.
- B.** In the event non-cash property is disposed of by Western District, such disposition shall be reported to the IRS as may be required by law.

- C. Value and deductibility of gifts – Western District, acting through the Stewardship Commission or its designee(s) may acknowledge non-cash gifts on such forms as the donor may require to file with the Internal Revenue Service provided, however, under no circumstances shall Western District, any of its agents or employees, give an opinion as to the value or deductibility of any such gifts for federal or state income tax purposes.

V. RESTRICTIONS

A. Restriction on Use and Investment of Gifts

1. No restrictions on how gifts may be used by Western District Home will be honored without prior approval of the Stewardship Commission (or staff designee) in the case of current gifts; or subsequent approval by the Executive Board in the case of gifts received by will or other gifts which are effective at death which have not been previously approved.
2. Individual endowments for specific purposes may be established upon the approval of the Executive Board.

VI. APPRAISALS

Western District will follow and encourage donors in consultation with their tax advisor to follow the guidelines as promulgated by the IRS regarding the necessity of appraisals for gifts of non cash property.