

**Pilgrim Baptist Church
732 West Central Avenue
Saint Paul, Minnesota 55104**

GIFT ACCEPTANCE POLICIES

Pilgrim Baptist Church, (hereinafter collectively referred to as the “Church”), not-for-profit entity organized under the laws of the State of Minnesota and recognized by the IRS as an exempt organization, encourages the solicitation and acceptance of gifts to the Church for purposes that will help the Church to further and fulfill its mission. The following policies outline the process by which prospective gifts to the Church or for the benefit of any of its programs, congregations and special ministries shall be accepted.

The mission of the Church is to support the growth of its congregations, commissioned and empowered by the Holy Spirit, as ambassadors of Christ’s reconciliation and to God’s world. *II Corinthians 5:18*. The Church envisions that the congregation will develop the resources and leadership to support individual and collective ministry.

I. Purpose of Policies

The Church may solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Church. These policies govern the process for the review of prospective gifts prior to acceptance by the Church; the type of the asset and the form of the proposed gift will affect the review process undertaken by the Church. These policies are also intended to guide prospective donors and their advisors when considering a gift to the Church. The provisions of these policies shall apply to all gifts to the Church for any of its programs or services.

II. Use of Legal Counsel and Avoiding Conflicts of Interest

a. The Church shall seek the advice of legal counsel in matters relating to the acceptance of gifts, when appropriate. Review by counsel is recommended for:

- Gifts of closely held stock that is subject to restriction or a buy-sell agreement
- Gifts involving contracts, such as bargain sales or other documents requiring the Church to assume an obligation
- Transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which use of counsel is deemed appropriate by the Gifts Acceptance Committee

b. The Church shall encourage donors to seek independent professional counsel to represent the donor’s interests and to explore the alternatives, costs, tax benefits and obligations of potential gifts. The Church shall have no responsibility to provide technical or legal advice to the donor or an analysis of the resulting tax and estate planning consequences to the donor.

c. The Church shall comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving.

III. Unrestricted and Restricted Gifts

The Church will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, policies and priorities. The Church will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult or costly to administer or value, or gifts that are for purposes outside the scope of the mission of the Church. The Gifts Acceptance Committee will review all restricted gifts and make recommendations to the Trustee Board.

IV. The Gifts Acceptance Committee

- a. The Gifts Acceptance Committee shall have as its members:
 - A Duly Authorized Representative (DAR) of Pilgrim Baptist Church appointed by the Trustee Board
 - Other members: Two persons confirmed or appointed by the Trustee Board from the Pilgrim Baptist Church membership with requisite knowledge and good judgment.
- b. The Gifts Acceptance Committee is charged with the responsibility of reviewing all gifts. The purpose of the review by the Gifts Acceptance Committee is to properly screen gifts and make recommendations to the Trustee Board.
- c. The DAR will not have authority to bind the Church contractually without express prior written authority from the Trustee Board or officers of the Trustee Board legally empowered to bind the Church contractually.

V. Types of Gifts

- a. The Church will accept outright gifts of cash and unencumbered publicly traded securities.
- b. Gifts of real or personal property other than cash and publicly traded securities or gifts in a form other than outright are subject to the review of the Gifts Acceptance Committee.
- c. The following criteria guide the acceptance of each gift:

(1) *Cash and Publicly Traded Securities.* Cash and publicly traded securities are acceptable in any form. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Trustee Board. In some cases marketable securities may be restricted by applicable securities laws; in such instance the Gifts Acceptance Committee will make recommendations on the acceptance of the restricted securities.

(2) *Tangible Personal Property.* Gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Church?
- 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?
- Is the property's value ascertainable?

The Gifts Acceptance Committee shall make recommendations on the acceptance of tangible personal property gifts.

(3) *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, may not be accepted without the review of the Gifts Acceptance Committee.

The Gifts Acceptance Committee shall review the facts and circumstances to determine the following:

- Are there any restrictions on the security that would prevent the Church from converting the security to cash?
- Is the security marketable?
- Will the security generate an undesirable tax consequence for the Church?

If potential problems arise on the initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on the acceptance of the closely held stock. The Gifts Acceptance Committee and legal counsel, if applicable, shall make a recommendation on the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.

(4) *Real Estate.* Gifts of real estate may include developed property and undeveloped property. All gifts of real estate interests must be evaluated and inspected by an authorized representative of the Gifts Acceptance Committee prior to acceptance. Such inspection shall include an initial environmental review of the property to ensure that the property has no environmental liability or hazard. In the event that the initial inspection reveals a potential problem, the Church may retain a qualified inspection firm to conduct an environmental audit if the Gifts Acceptance Committee recommends further inspection. The cost of the environmental audit generally shall be at the sole expense of the donor. When appropriate, a title insurance binder shall be obtained by the Church prior to the acceptance of the real property gift. The cost of this title insurance binder generally shall be at the sole expense of the donor.

Prior to acceptance of real property, the following information should be provided by the donor:

- Map showing location of property
- Legal description of property
- Proof of marketable title and ownership
- Registered land surveyor's survey of Subject property
- List of improvements
- Copies of current leases and persons in possession, if any
- List of encumbrances, including deed restrictions or covenants, liens/lis pendens and current expenses, if any
- Copy of current year's tax bill
- Notice of pending assessments
- Proof of payment of taxes, assessments, and association fees, if any
- Copy of title insurance policy or a recent title insurance commitment, including copies of all documents shown as exceptions to title on the report
- Recent appraisal or other acceptable valuation, which will be attached to the donor's IRS Form 8283
- Written statement from the donor identifying any known waste disposal sites or spills of hazardous waste material on the property, or statement to the contrary

- Written statement from the donor outlining purposes of gift, including gift restrictions, if any
- Environmental Impact Study – Level 1 Environmental Impact Study and Audit and, if necessary, a Level 2 Study and Audit, with all costs to be borne solely by the donor

Prior to acceptance of the real property, the gift must be recommended by the Gifts Acceptance Committee and the Church's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Church?
- Is the property marketable?
- Are there any restrictions, covenants, reservations, easements, or other limitations on use associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, associated with the property?
- Does the environmental audit reflect that the property has liability issues?

(5) *Remainder Interests in Property.* The Church may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions concerning real estate in paragraph (4) above. The donor or other occupants may continue to occupy the real property for the duration of the stated life or lives. Insurance by life tenant will be required. Upon the death of the life tenant or life tenants, the Church may use or sell the property as it deems appropriate. During the life tenancy, expenses, including maintenance, real estate taxes, liability insurance, and indebtedness, shall be paid by the donor or life tenant, as the case may be.

(6) *Oil, Gas, and Mineral Interests.* The Church may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be recommended by the Gifts Acceptance Committee, and if necessary, by the Church's legal counsel. An environmental review may be undertaken. Criteria for acceptance of the property shall include:

- Do the surface rights have a value of \$20,000 or greater?
- Does the oil, gas, or mineral interest generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift)?
- Are there any extended liabilities or other considerations that make receipt of the gift inappropriate?
- A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.

(7) *Bargain Sales.* The Church will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Church. All bargain sales must be reviewed by the Gifts Acceptance Committee and to the extent the bargain sale involves real estate, the provisions concerning real estate in paragraph (4) above must be met.

Factors used in determining the appropriateness of the transaction include:

- Does an independent appraisal substantiate the value of the property?
- If the Church is asked to assume debt with the property, is the debt ratio less than 50% of the appraised market value?
- Can the Church use the property?
- If the property is to be sold, is it reasonable to expect a sale within twelve months of the

- property being placed on the market?
- What are the expected costs to safeguard, insure, and maintain the property during the holding period?

(8) Life Insurance.

(i) Gift of Policy. The Church must be named as both primary beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. A gift of a policy is valued at the interpolated terminal reserve value, or cash surrender value on the date of the transfer of ownership. If the donor contributes future premium payments, the Church will treat the amount of the additional premium 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 Church may continue to pay the premiums, convert the policy to paid-up insurance or surrender the policy for its current cash value, as the Church deems appropriate.

(ii) Designation as Beneficiary of Policy. Donors and supporters of the Church will be encouraged to name the Church as a primary beneficiary or a contingent beneficiary of life insurance policies. Such designations shall not be recorded as gifts to the Church 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.

(9) Charitable Gift Annuities. The Church welcomes charitable gift annuities through the Pilgrim Foundation. Gifts of this type are only accepted by the Pilgrim Foundation. The Church does not manage a separate charitable gift annuity program.

(10) Pooled Income Funds. The Church welcomes gifts of shares of pooled income funds through the Pilgrim Foundation. Gifts of this type are only accepted by the Pilgrim Foundation. The Church does not manage a separate pooled income fund.

(11) Charitable Remainder Trusts. The Church may accept designation as remainder beneficiary of a charitable remainder trust. Gifts of this type are only accepted by the Pilgrim Foundation. The Church will not accept appointment as trustee of a charitable remainder trust.

(12) Charitable Lead Trusts. The Church may accept designation as an income beneficiary of a charitable lead trust. Gifts of this type are only accepted by the Pilgrim Foundation. The Church will not accept appointment as trustee of a charitable lead trust.

(13) Retirement Plan Beneficiary Designations. Donors and supporters of the Church will be encouraged to name the Church as a beneficiary of an individual retirement account, a 401(k) account, a 403(b) account or other retirement plan. Such designations will not be recorded as gifts to the Church 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.

(14) Bequests. Donors and supporters of the Church will be encouraged to make bequests to the Church under wills and trust instruments. Such bequests will not be recorded as gifts to the Church 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.

VI. Miscellaneous Provisions

a. *Securing appraisals and legal fees for gifts to the Church.*

Generally it will be the responsibility of the donor to secure an appraisal (where required), provide an environmental review (as appropriate) and retain independent legal counsel for all gifts made to the Church.

b. *Acknowledgment.*

(1) Valuation of gifts. The Church will record a gift on the date the gift is completed at the fair market value for federal gift tax purposes. The Church will sign IRS Form 8283 as the recipient of a charitable gift as is required for a gift having a value in excess of \$5,000.

(2) Responsibility for IRS Filings upon sale of gift items. The Church will file IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Church when the value of the gift is more than \$5,000. The Church must file this form within 125 days of the date of sale or disposition of the asset.

(3) Adherence to U.S. Treasury Regulations. The Church will acknowledge all gifts made to the Church for charitable purposes in accordance with the regulations issued by the Treasury Department.

c. *Review of Pertinent IRS Publications.*

IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* shall be reviewed by the Gifts Acceptance Committee on a regular basis.

VII. Changes to Gift Acceptance Policies

Changes to, or deviations from, the Gift Acceptance Policies may be made with the approval of the Trustee Board. All such changes shall be in writing.

Approved on the ____ day of _____, 2011

Chair, Trustee Board

Chair, Gifts Acceptance Committee

Listing of Documents for the Gifts Acceptance Committee

1. *Model Standards of Practice of the Charitable Gift Planner*
2. Environmental Review forms
3. IRS Forms 8282 and 8283 and Instructions
4. IRS Publication 561 Determining the Value of Donated Property
5. IRS Publication 526 Charitable Contributions

**APPENDIX A
GIFT ACCEPTANCE CHECKLIST**

All Gifts

_____ Delivery of property.
 _____ Fund agreement in file/clear instructions on additions.
 _____ Prior approval when required by form of gift.

Donor's attorney: _____ Phone: _____
 Donor's accountant: _____ Phone: _____
 Appraiser: _____ Phone: _____
 Other professional: _____ Phone: _____

Public Securities

Form of delivery: Electronic Physical.
 Estimated date of gift: _____
 If electronic, firm and contact: _____
 If physical, stock power? _____
 Any restrictions on sale? If so, describe: _____
 Value on date of gift: _____

Private Securities

Form of delivery: Electronic Physical
 Form of holding: C Corporation S Corporation FLP LLC LLP Partnership

Are there costs to the Church on acceptance or sale?
 Donor's basis: _____
 Are there consequences to the donor on disposition?
 Is the asset subject to a buy-sell agreement?
 Are there other restrictions on sale?
 What is the likely market for sale? _____
 Copy of appraisal in file: _____
 Approval of gift acceptance committee: _____
 Will ownership create liability risk? _____

Tangible Personal Property

Is the property related use or unrelated use? _____

If property is related use, are there any restrictions on use of the item? _____

Will the property be sold on receipt? _____

If so, what is the likely market? _____

What are the costs of sale? _____

Description of object: _____

Location of object: _____

Value (appraisal in file, if available): _____

Cost of holding item (insurance, safeguarding, transport, other) _____.

Real Estate

Form of gift: ___ Outright ___ Retained Life Interest ___ Bargain Sale ___ Testamentary

Form of ownership: ___ Sole ___ Joint/Survivor ___ Undivided/Ten. In Common

Location: _____

Legal description in file: _____

Date of delivery of deed: _____

Appraisal in file: _____

Separate appraisal required? _____

Environmental review in file? _____

Date of review: _____

What type of property? ___ Residential ___ Commercial ___ Undeveloped ___ Farmland ___ Oil/gas
___ Mineral Rights ___ Air Rights ___ Timber

Annual income from property? _____

If commercial, provide financials from last 3 years.

If leased, provide copy of lease agreement.

Annual costs of property: ___ Insurance ___ Maintenance ___ Property taxes

Is there debt on the property? ___ If yes, provide copy of current statement. Describe: _____

Are there any easements, liens, lawsuits, regulatory designation or other restrictions on the property? ___ If so, please describe: _____

Approval of gift acceptance committee: _____

Other comments: _____

**APPENDIX B
ENVIRONMENTAL REVIEW FORMS**

**This interview is designed for use with current
and/or prior owners or managers of the property.**

Date of Interview _____	Interviewer _____
Person Interviewed _____	Relation to Property _____
Property Description _____ _____	
Age of Buildings _____	

Type of Property	Agricultural _____	Timber _____
	Commercial _____	Manufacturing _____
	Age of Buildings _____	Undeveloped Land _____
	Residential _____	Other _____

1. Indicate prior uses of property. _____
2. Are you aware of any environmentally sensitive situations on the property? (Gas stations, drycleaners, companies using solvents, garbage dumps, battery reclamation, etc. Describe:

3. For uses identified in question 1, has an environmental license or permit ever been issued? ____
No ____ Yes
4. Are there, or have there ever been, any oil, fuel or chemical storage tanks on the property located above or below ground? ____ No ____ Yes
5. Has an environmental assessment been previously conducted? ____ No ____ Yes. **If yes**, provide a copy of the report.
6. If available, attach maps or surveys that describe the property to this questionnaire. ____
attached ____ none available

If you are unable to furnish the information requested above, please advise us if there is a reliable source that may be able to furnish this information.

**PROPERTY INSPECTION CHECKLIST
FOR CURRENT ENVIRONMENTAL CONDITIONS**

Name of Inspector _____	Date of Inspection _____
Owner of Property _____	Estimated Size _____
Location of Property _____	Current Use _____
Number of years the current use has been in effect _____	
Brief history of property use (list past use and former tenants, and source of information)	

I. ENVIRONMENTAL SITE INSPECTION CHECKLIST

Note: Comments on the condition of the adjoining property or hazards related to sites closely situated to the subject property should be noted.

	Yes	No
I. An on-site inspection revealed the following:		
A. Stressed or denuded vegetation or unusual barren areas	___	___
B. Discoloration, oil sheens or foul/unusual odors in water	___	___
C. Dump site	___	___
D. Tire/battery/chemical storage or disposal	___	___
E. Storage drums	___	___
F. Above or below ground storage tanks, vent or filler pipes	___	___
G. Evidence of petroleum or oil products	___	___
H. Evidence of PCBs (electrical transformers, capacitors)	___	___
I. Subject or adjoining property used for industrial purposes	___	___
J. Existing structures: If yes, indicate if there is:	___	___
1. Evidence of chemical spills/leaks	___	___
2. Evidence of asbestos	___	___

EVALUATION OF KNOWN ENVIRONMENTAL FACTORS

Check the appropriate response to each statement based on all sources of information, including the Environmental Site Inspection Checklist.

	Yes	No
A. This property (or adjacent property) appears on federal, state or other environmental agency list of sites identified for environmental investigation or cleanup.	___	___
B. This property is developed and used for an industrial or manufacturing purpose.	___	___
C. This property is undeveloped land used for landfill or waste dump purpose.	___	___
D. The prior, current or proposed use of this property involves the generation, storage, treatment or disposal of any potentially hazardous materials, oil/petroleum products or other substances regulated by environmental laws and agencies. Specify: _____	___	___
E. Activities on adjacent properties may have contributed to the environmental contamination of the subject property.	___	___
F. This property is near a flood plain, wetland or ecologically sensitive area.	___	___
G. The Environmental Site Inspection revealed evidence of possible environmental contamination.	___	___
H. The donor has revealed potential sources or causes of environmental contamination.	___	___
I. This property is used for agricultural purposes.	___	___
J. This property is used to harvest timber.	___	___
() Based on the evaluation of known environmental factors, there is no evidence of possible environmental contamination on this or neighboring properties and no further action is recommended.		
() Based on the evaluation of known environmental factors, there is evidence of possible environmental contamination on this or neighboring properties and further investigation is recommended.		

Recommendations: _____

Person Completing Form

Title

Date

Acceptance of Form Approved By

Title

Date