

# **First Parish Unitarian Universalist Church, Needham, MA**

## **Gift Acceptance Policies**

### **Introduction**

First Parish Unitarian Universalist Church, Needham, MA (First Parish) solicits and accepts gifts to fund its activities and fulfill its mission. First Parish urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences. The following policies and guidelines govern acceptance of gifts made to First Parish for the benefit of any of its operations, programs or services.

First Parish will not accept gifts that (a) would result in First Parish violating its by laws, (b) would result in First Parish losing its status as an IRC § 501(c)(3) not-for-profit organization, (c) are too difficult or too expensive to administer in relation to their value, (d) would result in any unacceptable consequences for First Parish including harm to its reputation, or (e) are for purposes outside First Parish' mission. Decisions on the acceptance or refusal of a gift shall be made by the Parish Committee in its absolute discretion.

### **Unrestricted Gifts**

First Parish encourages its donors to make unrestricted gifts to First Parish. Unrestricted gifts provide First Parish the greatest flexibility to direct resources where they are most needed at any particular time. For that reason, unrestricted gifts are always preferred.

### **Restricted Gifts**

First Parish accepts restricted gifts as follows:

1. Purpose-restricted gifts

First Parish will accept gifts restricted as to the purpose for which they can be used when they support activities included in the annual budget or for purposes specified in a special campaign.

In addition to the unrestricted General Endowment, First Parish currently has named Endowment Funds that can be grouped according to purpose:

- Memorial Garden
- Ministerial Settlement Fund
- Music Fund
- John Buehrens Fund for Youth and Ministry
- Unrestricted Endowment

The Trustees of Invested Funds and specific committees review and recommend specific uses of and disbursements from these Endowment Funds.

If a purpose-restricted gift is designated outside of these funds (e.g., Social Justice, Building and Grounds, Religious Education), it can be more simply managed and disbursed for the specified purpose within the unrestricted endowment or the current operating budget if there is an urgent funding need. Persons making a purpose-restricted gift not specifically for an existing annual budget item or special congregation-approved campaign are encouraged to designate its purpose broadly as possible within the current budget line items and endowment funds. Wherever possible, donors are encouraged to augment a specific fund with the desired purpose, rather than

creating a new set of restrictions that need to be separately managed. If restricted funds can not be used for their original purpose, First Parish shall endeavor to find a complementary use or shall reserve the right to expend the gift.

Gifts for other purposes must be reviewed and approved by Parish Committee.

## 2. Permanently restricted gifts

Gifts for the purpose of creating a named endowment must be at least \$500,000 or another amount as approved by the Parish Committee on an exceptional basis. Such gifts will be invested with First Parish's other endowment funds under guidance of the Trustees of Invested Funds and overseen by the Parish Committee. Amounts will be disbursed from the fund in accordance with First Parish' spending policy, which may change from time to time. As with other gifts, disbursements from the endowed fund may be unrestricted or purpose restricted. The language of "permanent restriction" used in the gift may limit the investment options, long-term yield and resulting impact on church functions. Therefore permanent-restriction language should be carefully considered.

## 3. Gifts to congregation-approved special campaigns

The acceptance and management of gifts to a congregation-approved special campaign (e.g., the Fourth Century Campaign for church renovation and Ministry Funds) will be accepted and managed according to the specific needs as determined by the Parish Committee in its absolute discretion. For example, they may be managed separately from the long-term endowment funds listed previously. Gifts to any such campaigns for a purpose outside the original plan must be approved by the Parish Committee.

## Types of Gifts

### 1. Gifts of Cash

Cash is acceptable in any form. Checks should be made payable to First Parish and should be delivered to the First Parish administrative office.

### 2. Pledges

First Parish welcomes support in the form of pledges. Pledges should extend no more than five years.

### 3. Gifts of securities

- Marketable securities may be transferred to First Parish' brokerage account with the transferor's signature or stock power attached. Contact the Parish Administrator for specific instructions. First Parish will send the donor an acknowledgment of the gift valued on the day the securities are received.
- Securities for which there is no active market, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, may be accepted subject to the approval of the Parish Committee in its absolute discretion. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent First Parish from ultimately converting those assets to cash,
- the security is marketable, and
- the security will not generate any undesirable tax consequences for First Parish.

If potential problems arise on initial review of the security, further review and recommendation by an independent financial advisor or other independent professional may be sought before a final decision on acceptance of the gift is made. The Parish Committee may also engage independent legal counsel to review the advisability of accepting such gifts. The final determination on the acceptance of closely held securities shall be made by the Parish Committee in its absolute discretion. The Parish Administrator will acknowledge gifts of stock within a month of receipt.

#### 4. Gifts of real estate

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Valuation of the gift is the responsibility of the donor unless the property is sold by First Parish within six months of the gift being accepted, in which case the sale value shall be the value of the gift. Prior to acceptance of real estate, First Parish shall require an initial review of the property to ensure that the property has no hidden or undesirable contingencies, encumbrances, or liabilities such as environmental damage or liabilities. In the event that the initial inspection reveals a potential problem, the Parish Committee shall retain an independent qualified inspection firm to conduct an appropriate audit. The cost of the audit shall be an expense of the donor. When appropriate, a title binder shall be obtained by First Parish prior to the acceptance of the real property gift. The cost of this title binder shall be an expense of the donor.

Prior to acceptance of the real property, gifts shall be approved by the Parish Committee.

Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Congregation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, 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 damaged and has no environmental liabilities?

#### 5. Gifts of tangible property

All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Congregation?
- 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 final determination on the acceptance of other tangible property gifts shall be made by the Parish Committee. Unless otherwise agreed in writing with the donor, the property will be sold as soon as practicable.

#### 6. Legacy gifts

- Charitable gift annuities (CGA): First Parish encourages its supporters to consider charitable gift annuities during their lifetimes. The minimum for a CGA is \$10,000. CGAs will be managed by the Unitarian Universalist Association and will be subject to the policies of the UUA. Donors interested in planned gifts should contact one of the Trustees for guidance.
- Other planned gifts: The acceptance of other planned gift instruments, such as Pooled Income Trusts, Charitable Remainder Trusts, and Charitable Lead Trusts are subject to the approval of the Parish Committee. Donors interested in making such gifts should contact the Parish Administrator.
- Bequests: Donors and supporters of First Parish are encouraged to make bequests under their wills and trusts. Such bequests will not be recorded as gifts to First Parish 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. All unrestricted bequests will be invested in the Unrestricted Endowment. Restricted bequests will be used as instructed by the decedent.
- Life Insurance Beneficiary Designations: Donors and supporters of First Parish are encouraged to name First Parish as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts until 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.
- Life Insurance: First Parish Church must be named as beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued as determined by Internal Revenue Code and its corresponding regulations. If the donor contributes future premium payments, First Parish 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, the Parish Committee at its absolute discretion may:
  - continue to pay the premiums,
  - convert the policy to paid up insurance, or
  - surrender the policy for its current cash value.

#### 7. Other gifts

Other more complicated and esoteric gifts – such as remainder interests in property; oil, gas and mineral interests; bargain sales; may be accepted by First Parish, but only with the approval of the Parish Committee. Consideration will be given to the time and costs involved in assessing and structuring the gift before accepting it.

Approved by Parish Committee January 10, 2018