

Gift and bequest policy example

Our church welcomes and encourages donations, bequests and charitable gifts. The purpose of this policy is to provide a consistent process for managing the acceptance of such gifts.

Administration

The Church Council will oversee the gift and bequest acceptance process. At times, a Finance Team will administer the gift and bequest process on behalf of the Church Council.

Gift acceptance guidelines

- All designated gifts or bequests arrangements shall be reviewed for acceptance by the Church Council, except those designated for a campaign or project already approved by council.
- The Church Council reserves the right to decline any gift or bequest, if it's judged that the acceptance of such gift would be detrimental to the mission of the congregation or the proper administration of its resources.

Non-monetary gifts and bequest

- The church promptly sells or converts to cash any gift or bequest of investments (e.g., stocks, bonds or mutual fund holdings) and real estate. However, the church may retain such a gift without conversion to cash if it directly supports the church's mission in some fashion.
- The church notifies the donor about the council's intended action regarding the gift (i.e. rejection, retention, sale or other disposition).

Criteria for accepting real estate

Gifts and bequests of real estate are accepted if they meet these criteria:

1. Donors obtain and pay for a qualified appraisal, as required by law.
2. Mortgaged property had the mortgage placed at least five years prior to the gift. Generally, the mortgage balance should not exceed 50 percent of the agreed-upon property valuation.
3. The property is free of liens (other than a possible first mortgage), judgments, lawsuits or other financial and legal claims.
4. An examination of title verifies the donor is the current owner of the property. Or, preferably, a title insurance binder is obtained, showing the donor as owner of the property and having clear title. Payment of the title insurance may be negotiated with the donor.
5. Taxes and assessments on the property are current and fully paid.

6. A qualified, professional on-site check of the property determines the property to be salable for the price of the property appraisal. Payment for the inspection may be negotiated with the donor.
7. An environmental assessment will be performed to determine the presence, nature and extent of any toxic wastes or other environmental hazards. This item shall not be satisfied until the church accepts and approves a written assessment. The donor pays for the assessment.
8. An examination of the property determines that it meets any appropriate building codes to ensure the salability of the property.
9. Bargain sale rules as required by law apply if the church either purchases the property for an amount less than its appraised fair market value or accepts responsibility for an unpaid mortgage which the donor passes on as part of the property transfer.
10. The donor is encouraged to consult with their tax and financial advisors to determine how the tax laws apply to the gift. The church does not give legal or financial advice.
11. Property gifts at variance with these policies are considered on a case-by-case basis in consultation with advisors the church chooses to evaluate the gift and its benefits for the church.

Undesignated gifts

Undesignated gifts and bequests provide a congregation with the greatest flexibility in meeting the needs of ministries. When appropriate, encourage donors without specific ministry passions to make undesignated gifts.

All information in this policy and its examples is not to be considered legal, financial or tax advice to churches or their attenders and donors.