

# WESTERN

THEOLOGICAL SEMINARY

## **Gift Acceptance Policy**

**Approved by WTS Board of Trustees – October 2012**

**Amended – October 2020**

### **Mission**

By God's grace, Western Theological Seminary forms women and men for faithful Christian ministry and participation in the Triune God's ongoing redemptive work in the world.

### **The purpose of this policy**

Western Theological Seminary (henceforth “the seminary”) solicits current and future gifts from individuals, churches, businesses, and foundations to secure its growth and the achievement of its mission. This policy governs the acceptance of gifts by the seminary and provides guidance to prospective donors and their advisors when making gifts to the seminary. The provisions of this policy apply to all gifts received by the seminary for any of its programs or services.

### **Donor's use of legal counsel**

The seminary urges all donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

### **Western Theological Seminary's use of legal counsel**

The seminary shall seek the advice of legal counsel in all matters relating to the acceptance of gifts when appropriate. Review by counsel is especially recommended for:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements
- Documents naming the seminary as trustee
- Gifts involving contracts or legal documents
- Gifts requiring the seminary to assume an obligation or ongoing relationship
- Transactions with potential conflict of interest
- Other instances in which the use of counsel is deemed appropriate by the Gift Acceptance Committee.

### **Restrictions of gifts**

The seminary will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes and priorities. The seminary will not accept gifts that are too restrictive in purpose. Examples of gifts that may be too restrictive include those that stand contrary to the values of the seminary, those that are too difficult to administer, those that are for purposes outside the mission of the seminary, or gifts in perpetuity that support activities that are short-term in nature. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of the seminary. Proceeds of endowment gifts will be invested in marketable securities that may increase or decrease in value. Should the proceeds of a gift be invested and market losses reduce the gift below the original principal value, the seminary will not be restricted from making draws on an annual basis at the distribution rate adopted by the seminary.

### **The Gift Acceptance Committee**

The seminary's gift acceptance committee shall serve on an ad hoc basis and be convened anytime a non-traditional gift as defined below is presented or any other time deemed necessary by the vice president of Advancement. The committee shall consist of the following members:

- The seminary President
- The seminary Director of Development
- The seminary Vice President of Finance
- A member of the Executive Committee of the Board of Trustees
- A member of the Advancement subcommittee of the Board of Trustees
- Other members as appointed by the seminary President.

### **Acceptable types of gifts**

The following gifts are acceptable:

1. Cash
2. Tangible personal property
3. Securities
4. Real estate
5. Remainder interests in property
6. Oil, gas, and mineral interests
7. Life insurance
8. Charitable gift annuities
9. Charitable remainder trusts
10. Charitable lead trusts
11. Retirement plan beneficiary designations
12. Bequests
13. Life insurance beneficiary designations.

Of these gifts, the following shall be considered "non-traditional gifts" requiring the approval of the Gift Acceptance Committee:

- Closely held securities
- Real estate
- Remainder interest in property
- Oil, gas, and mineral interests

The following criteria govern the acceptance of each gift form:

1. Cash – Unconditional gifts of cash are acceptable in any form.
2. Tangible personal 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 seminary?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - What costs would the seminary incur to sell the property?
  - Are there any carrying costs for the seminary to retain the property, i.e. insurance, display, maintenance, etc.?

The following guidelines apply to tangible personal property intended for donation to the Cook Library:

- The Director or Associate Director may accept gifts for Cook Library.

- Cook Library will not accept any gift with special restrictions or conditions attached to it.
  - Cook Library reserves the right to evaluate, select and dispose of the gift in the best interest of the seminary.
  - Cook Library will not appraise any gift to the library.
  - A letter of acknowledgment will be sent to the donor. However, Cook Library will not provide the donor with an itemized list of all items received. If a list is provided by the donor, the receipt of the items will be acknowledged.
3. Securities – the seminary can accept both publicly traded and closely held securities.
- a. Publicly held securities – Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor’s signature or stock power attached. Donors shall be advised that as a general rule all marketable securities will be sold upon receipt.
  - b. Closely held securities – Closely held securities include not only debt and equity positions in non-publicly traded companies but also interest in LLC’s and LLP’s or other ownership forms. Every effort will be made to sell non-marketable securities as quickly as possible. Gifts must be reviewed prior to acceptance to determine that:
    - There are no restrictions on the security that would prevent the seminary from ultimately converting those assets to cash,
    - The security is marketable, and
    - The security will not generate any undesirable tax consequences or liabilities for the seminary.
4. Real estate – Gifts of real estate may include both developed and undeveloped property. Prior to the acceptance of real estate, the seminary shall require a real estate professional representing the seminary make a site visit to inspect the property and also that an initial environmental review of the property be completed to ensure that the property has no environmental damage. (A sample environmental review form is on file in the Advancement offices.) In the event that the initial inspection reveals a potential problem, the seminary shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the seminary prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the seminary?
  - Is the property marketable?
  - What is the value of the property?
  - What is the location of the property?
  - 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?
5. Remainder interests in properties – The seminary will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions in (4) immediately above. The donor or other occupants may continue to occupy the property for the duration of the stated life. At the death of the donor, the seminary may use the property or reduce it to cash. Where the seminary receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.
6. Oil, gas, and mineral interests – The seminary may accept oil and gas property interests, when appropriate. Criteria for acceptance of the property shall include:
- Gifts of surface rights shall have a value of \$20,000 or greater
  - Gifts of oil, gas and mineral interests should generate at least \$3000 per year in royalties or other income (as determined by the average of the three years prior to the gift)
  - The property should not have extended liabilities or other considerations that make the receipt of the gift inappropriate
  - A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences
  - The property should undergo an environmental review to ensure that the seminary has no current or potential exposure to environmental liability.
7. Life insurance – The seminary must be named as both beneficiary and irrevocable owner of an insurance policy before it can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the seminary 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 seminary may:

- Continue to pay the premiums,
  - Convert the policy to paid up insurance,
  - Surrender the policy for its current cash value, or
  - Sell the product to a viatical company.
8. Charitable gift annuities – The seminary offers charitable gift annuities. The minimum gift for funding is \$5000. The minimum age for life income eligibility is 55. Annuity payments are made on a quarterly schedule.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the principal contributed in exchange for the gift annuity shall be released for the stated purposes of the seminary.

9. Charitable remainder trusts – The seminary may accept designation as remainder beneficiary of a charitable remainder trust. The seminary will not accept appointment as a trustee of a charitable remainder trust.
10. Charitable lead trusts – The seminary may accept a designation as income beneficiary of a charitable lead trust. The seminary will not accept appointment as a trustee of a charitable lead trust.
11. Retirement plan beneficiary designations – Donors and supporters of the seminary will be encouraged to name the seminary as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the seminary 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.
12. Bequests – Donors and supporters of the seminary will be encouraged to make bequests to the seminary under their wills and trusts. Such bequests will not be recorded as income to the seminary 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.
13. Life insurance beneficiary designations – Donors and supporters of the seminary will be encouraged to name the seminary as beneficiary or contingent beneficiary of their life insurance policies. Such designations will not be recorded as income to the seminary 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.

### **Reporting Requirements**

The seminary will send IRS Form 8283 to donors who make a non-cash gift of over \$500 to the seminary.

The seminary will file IRS Form 8282 on or before the 125<sup>th</sup> day after it sells, exchanges or otherwise disposes of property donated to the seminary. It is impermissible for the seminary to delay the sale of a property solely for the purpose of avoiding the filing of IRS Form 8282.

All donors shall receive a written acknowledgment of their gift in a timely fashion from the seminary. In the event of the receipt of non-cash gifts and gifts in kind, the seminary shall not value the gift but report the value the donor placed on the gift.

### **Ethical standards**

The seminary abides by the Association of Fundraising Professionals Code of Ethical Principles and Standards. A copy of this code is in the Advancement offices.

### **Annual Review**

The Gift Acceptance Committee shall review this policy annually to determine if amendments are necessary. The Gift Acceptance Committee shall present proposed amendments to the seminary Board of Trustees.