

**FIRST UNITED METHODIST CHURCH, MADISON, FOUNDATION, INC.  
GIFT ACCEPTANCE POLICY**

The First United Methodist Church Foundation, Madison, Inc., a not for profit organization organized under the laws of the State of Wisconsin, encourages the solicitation and acceptance of gifts to the First United Methodist Church Foundation, Madison, Inc. (hereinafter “Foundation”) for purposes that will help the Foundation to further and fulfill its mission. The following policy governs the acceptance of gifts made to the Foundation for the benefit of its mission.

The mission of the Foundation is to support the ministries and programs of the First United Methodist Church, Madison (hereinafter “First Church”) by cultivating relationships to provide funds and other resources needed to enhance and fulfill First Church’s mission, as follows:

1. Purpose of Policy. The Board of Directors of the Foundation (hereinafter "Board of Directors") solicits current and deferred gifts from individuals to secure the future growth of the Foundation and of First Church. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation.

2. Use of Legal Counsel. The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

(a) Closely held stock transfers that are subject to restrictions or buy-sell agreements;

(b) Documents naming the Foundation or First Church as Trustee;

(c) Gifts involving contracts, such as bargain sales or other documents requiring the Foundation or First Church to assume an obligation;

(d) Transactions with potential conflict of interest that may invoke IRS sanctions; and

(e) Other instances in which use of counsel is deemed appropriate by the Board of Directors.

3. Conflict of Interest. The Foundation will urge all prospective 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.

4. Restrictions on Gifts. The Foundation 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 Foundation 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 to administer, or gifts that are for purposes outside the mission of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board of Directors.

5. Criteria Governing Gifts. The following criteria govern the acceptance of each gift form:

(a) Cash: Cash is acceptable in any form. Checks shall be made payable to "First United Methodist Church Foundation, Madison, Inc." and shall be delivered to the Foundation at 203 Wisconsin Avenue, Madison, WI 53703.

(b) Tangible Personal Property: All other gifts of tangible personal property shall be examined in light of the following criteria:

- (i) Does the property fulfill the mission of the Foundation?
- (ii) Is the property marketable?
- (iii) Are there any undue restrictions on the use, display, or sale of the property?
- (iv) Are there any carrying costs for the property?
- (v) Are there any negative legal risks or potential contingencies associated with the property?

The final determination on the acceptance of other tangible property gifts shall be made by the Board of Directors.

(c) Securities: The Foundation can accept both publicly traded securities and closely held securities.

(i) Publicly Traded 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. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Board of Directors. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Board of Directors.

(ii) Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Board of Directors. However, gifts must be reviewed prior to acceptance to determine that:

[a] there are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;

[b] the security is marketable, and

[c] the security will not generate any undesirable tax consequences for the Foundation. If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Board of Directors and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

(d) Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.

(i) Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Foundation 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 unless specifically agreed to by the Board of Directors.

(ii) When appropriate, a title insurance commitment or policy shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the Board of Directors and by the Foundation's legal counsel.

(iii) Criteria for acceptance of the property shall include:

[a] Is the property useful for the purposes of the Foundation?

[b] Is the property marketable?

[c] Are there any restrictions, reservations, easements, or other limitations associated with the property?

[d] Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?

[e] Does the environmental audit reflect that the property is not damaged?

(e) Remainder Interests In Property: The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraphs 4 and 6(d) above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation 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.

(i) Oil, Gas, and Mineral Interests: The Foundation may accept oil, gas or mineral property interests, when appropriate. Prior to acceptance of an oil, gas or mineral interest the gift shall be approved by the Board of Directors and if necessary, by the Foundation's legal counsel.

(f) Bargain Sales: The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

(i) The Foundation must obtain an independent appraisal substantiating the value of the property;

(ii) If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value;

(iii) The Foundation must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt; and

(iv) The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

(g) Life Insurance: The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy 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 Foundation 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 Foundation may:

- (i) Continue to pay the premiums;
- (ii) Convert the policy to paid up insurance; or
- (iii) Surrender the policy for its current cash value.

(h) Charitable Gift Annuities: The Foundation may offer charitable gift annuities. The Board of Directors will review the proposed gift for approval after obtaining from the donor all pertinent information regarding beneficiaries, charitable intent and the property to be transferred. If the Charitable Gift Annuity is approved, the Foundation by the Board of Directors will arrange for transfer of the property, real or personal, to the charity, compute the estimated charitable deduction for the donor and execute all other documents pertaining to the gift: (a) Illustration of Benefits; (b) Gift Annuity Agreement; (c) Federal Income Tax Computation; (d) IRS Form 8283, when applicable; and (e) Instructions for reporting charitable income and gift tax deductions. The minimum gift for funding is \$5,000 initially and \$3,000 for each additional contribution or annuity. The Board of Directors may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments to beneficiaries shall be based upon the prevailing rates recommended by the American Council on Gift Annuities and may be made quarterly, semi-annually, or annually. Income to the beneficiaries shall accrue from the date of the gift. Payment for a partial time will be prorated. The Board of Directors may approve exceptions to this payment schedule. The Foundation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Foundation may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and

the Board of Directors approve the arrangement. For investment purposes, the assets within each annuity account may be commingled with the assets of the Foundation, but for accounting purposes, separate accounts will be established for each gift annuity in order to determine the value of the residuum upon the death of the annuitant. For annuities paid by the Foundation and not reinsured with a commercial life insurance company, the full value or net proceeds of the gift will be maintained as a separate account. All earnings of each account shall be credited and all payments to annuitants shall be debited to the separate accounts. For any annuity paid by the Foundation, the appropriate Financial Officer will file the following forms with the Internal Revenue Service: (1) Form 1099-R summarizing all payments to annuitants; and (2) Copy A of all Form W-2P's are to be attached to Form 1099-R. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to such specific fund as designated by the donor, or if none specified, to the Foundation as an unrestricted gift.

(i) Charitable Remainder Trusts: The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board of Directors. The Foundation will not accept appointment as trustee of a charitable remainder trust.

(j) Charitable Lead Trusts: The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation will not accept an appointment as trustee of a charitable lead trust.

(k) Retirement Account Beneficiary Designations: Members, donors and supporters of First Church will be encouraged to name the Foundation as beneficiary of their retirement account. Such designations will not be recorded as gifts to the Foundation 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.

(l) Bequests: Members, donors and supporters of First Church will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation 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.

(m) Life Insurance Beneficiary Designations: Members, donors and supporters of First Church will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation 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.

6. Miscellaneous Provisions.

(a) Securing Appraisals and Legal Fees for Gifts to the Foundation: It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation. If IRS Form 8283 is required by the Donor in order to substantiate his or her charitable deduction, the Donor is responsible for preparation of such form unless as otherwise provided herein.

(b) Valuation of Gifts for Development Purposes: The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.

(c) Responsibility for IRS Filings Upon Sale of Gift Items: The Board of Directors by its Treasurer is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

(d) Acknowledgement of all Gifts made to the Foundation and Compliance With The Current IRS Requirements: Upon receipt of a gift, the Foundation shall provide to the Donor written acknowledgement of the gift, including the date the gift was received by the Foundation and a statement of the value, if any, of any benefit received by the Donor in return.

7. Changes to Gift Acceptance Policies.

These policies have been reviewed and accepted by the Foundation's Board of Directors. The Board of Directors must approve any changes to or deviations from these policies.

Approved on the 7th day of March, 2018.

FIRST UNITED METHODIST CHURCH  
FOUNDATION, MADISON, INC.

By: *Krista Tweed*

Name: Krista Tweed

Title: President

FIRST UNITED METHODIST CHURCH  
FOUNDATION, MADISON, INC.

By: *Linda Vance*

Name: Linda Vance

Title: Secretary