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**FOUNDATION**

Legacy • Money Management • Scholarships • Grants



Gift Acceptance Policies

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“To encourage and motivate the making of gifts,  
donations, and benefactions for the advancement,  
promotion, extension and maintenance of  
the various causes and objects fostered by the  
Baptist General Association of Virginia”

*Charter of the Virginia Baptist Foundation, 1923*

# Introduction

It is the policy of the Virginia Baptist Foundation, Incorporated (Hereafter referred to as the Foundation) to provide the infrastructure in which donors can make irrevocable gifts of cash and non-cash assets in a manner that is beneficial to the donors and in keeping with the purpose, character, and integrity of the Foundation. The Foundation also provides opportunities for donors and/or their beneficiaries to receive current returns in the course of providing charitable benefit to Christian ministries. This may be accomplished through such vehicles as Charitable Remainder Annuity, Unitrust, or Lead Trusts, or Charitable Gift Annuities. The Foundation reserves the right to refuse any and all gifts that it believes are not in the best interests of the Foundation or the donor.

## I. GENERAL GIFT ACCEPTANCE PROCEDURES

**A. Board of Trustees Involvement** - Gifts that are consistent with the purposes of the Foundation which are considered ordinary or of reasonable risk will not require the review of the Foundation's Board of Trustees. Gifts that are not ordinary and/or which pose unreasonable risks to the Foundation will be reviewed by the Foundation's Administrative Committee and, if desired by the Committee, the full Board of Trustees.

**B. Confidentiality** - All information concerning prospective donors shall be strictly confidential. Information will not be released to the general public (including individual beneficiaries or charities, except as provided by applicable law) without expressed, written permission from the donor.

**C. Ethics** - The Foundation will accept gifts with these understandings:

1. The donor has charitable intent (i.e. He or she wishes to make a gift to benefit charity).
2. The gift is in the best interest of both the donor and the Foundation (and/ or its various beneficiaries). The impact on the donor's family will also be considered.
3. Full disclosure of the known tax, legal, and other ramifications of the gift re made to the donor.
4. The donor has been strongly encouraged to consult with his/her own legal, tax, and/or financial advisors as to the appropriateness of the gift.
5. The gift does not jeopardize the ethical, financial, or legal integrity of the VBF.

**D. Restrictions** - The Foundation will accept gifts with designations and restrictions as to which charity or charities will benefit from the gifts and for what purposes, provided the designation does not prevent the Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

**E. Gift Valuation** - Gifts will be valued in an appropriate manner and consistent with current Internal Revenue Service regulations as well as sound accounting principles. Full responsibility rests on the donor for claiming any deductions for non-cash gifts, including filing IRS Form 8283, and for any required appraisals or other needed documentation. Full responsibility also rests on the donor for the value given to tangible personal property or services.

**F. If, in the gifting or sale of assets,** it is necessary to obtain appraisals or other such items of expense, such costs shall be paid by the donor. In the case of an existing account, the expenses may be charged to the account that owns the asset or against the sale proceeds if an actual sale materializes.

## II. UNRESTRICTED GIFT POLICY

**A. The Foundation's first and foremost objective in receiving gifts is to fulfill the donor's charitable intent.** Normally, donors make gifts to the Foundation with designations for return, net income and/or principal to be distributed to certain charities in specified amounts or percentages.

**B. If, however, the Foundation receives a gift without any such designation, it is the policy of the Foundation that these funds shall become a part of the Foundation's Endowment Fund,** and used in accordance with adopted resolutions to create and operate the Foundation's Endowment Fund.

## III. TYPES OF ASSETS ACCEPTED

The following assets are acceptable as described, either as outright gifts, endowment gifts, pass-through gifts, as bequests or other estate gifts, or when appropriate for funding of permitted life income arrangements or lead trusts. All gifts are subject to approval by the Foundation's President, Chief Executive Officer and Vice President, Chief Financial Officer. The Foundation reserves the right to decline a gift for any reason.

**A. Cash** - Cash, check, money orders, bank drafts, electronic transfers, or gifts via credit card or online transactions are acceptable.

**B. Securities** - Publicly traded and listed securities, or securities actively traded over-the-counter on the New York, NASDAQ or Amex Stock Exchanges may be given to the Foundation. Securities issued by closely held corporations, S corporations, privately held companies, partnerships, limited liability companies or other entities, or otherwise not marketable securities, are acceptable upon the approval of the President, CEO and Vice-President, CFO with the advice of legal counsel, if necessary. Readily marketable securities are promptly liquidated. For gift crediting and accounting purposes, the Foundation's valuation calculations are in accordance with Internal Revenue Service regulations.

**C. Real Estate** - Real estate gifts must be approved by the Foundation and the property must normally be unencumbered and readily salable (i.e. without any mortgage, liens, etc.). The Foundation will pay for the necessary qualified appraisals, surveys, and environmental audits as needed for the safe conveyance of the property. Full interests, partial interests, and remainder interests are all appropriate real estate gifts.

1. In the case of remainder interests, the donor will be expected to pay all property taxes, maintenance and insurance until their interest in the property ceases.
2. Donors may be asked to sign a statement regarding liability for previous and current environmental or other conditions if the Foundation deems it appropriate.
3. Real Estate gifts will be accepted only after: (1) Personal inspection by the Foundation's President, CEO, Vice President, CFO, Real Estate Consultant and/or other representatives; (2) A determination has been made that the property has not been utilized in a manner inconsistent with current Baptist positions on morality; (3) The Foundation and donor have reached an understanding as to the valuation of the property based upon a qualified appraisal; (4) An assessment of the property and determination of feasibility of accepting the gift has been made, taking into account any and all fees, expenses, and costs associated with ownership of the property (e.g., debt, insurance, homeowners association fees and other carrying costs), and (5) appropriate steps have been taken to determine if any other liabilities might be attached to the property.
4. Real Estate gifts are ordinarily acceptable only after it has been determined that ownership of the property would not subject the Foundation to liability or risk of liability under any federal, state, or local law, rule, or regulation concerning the use, storage, production, or disposal of chemical wastes, compounds, or substances, or under any federal, state or local law, rule, or regulation concerning the use of, occupation of, or construction upon the property. Valid and proper environmental audits and assessments may be completed and analyzed. After due consideration of all other relevant factors, if it is determined that the liability or risk of liability to the Foundation outweighs the benefit of the gift, the property will not be accepted.
5. Real Estate gifts must have a Fair Market Value of \$25,000 or greater, be marketable in a reasonable length of time if the Foundation intends to sell such property, and meet other standards of safety, use, and liability so as not to unreasonably expose the Foundation to risk of loss or harm.
6. The Foundation shall take into account any depreciation or foreseeable devaluation of real estate in considering gift proposals. If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible for making any recapture payments to the IRS.

**D. Closely-Held Corporate Stock** - Gifts of stock in closely-held corporations will be accepted only where investigation reveals no significant potential liability or risk of harm for the Foundation in receiving the gifts, and where the likelihood of a sale or

Redemption within a reasonable time is substantial. Shares of closely-held corporations which, when given, pass controlling interest in the corporation to the Foundation, are accepted only when potential benefits from the gift outweigh potential liabilities; where the company involved is not engaged in activities inconsistent with traditional Virginia Baptist Kingdom Advance Initiatives and practices; where the demands of staff time regarding the management of the company are acceptable; and, where the prospects for sale within a reasonable time period are substantial, if the Foundation intends to sell such stock.

**E. Partnership Interests or LLC/FLP Interests** - Prior to approval of gifts of these interests, all relevant partnership, LLC, or FLP agreements will be reviewed by the Foundation's staff and legal counsel with particular attention to the activity of the partnership/LLC/FLP and how allocations are made. Further, the underlying assets and liabilities of the partnership/LLC/FLP will be reviewed.

1. Generally, a minimum discounted value of \$100,000 is required, as established by a qualified appraisal.
2. The Foundation may encounter certain costs in holding the interests such as administrative responsibilities, tax return preparation, and unrelated taxable business income. The donor may be asked to cover all or some of these costs, particularly the unrelated business income tax which may be generated by phantom income.
3. The Foundation will also carefully consider the liquidity and salability of the interests before acceptance.

**F. Life Insurance Policies** - The Foundation may be named as a primary or contingent beneficiary for a portion or all of a life insurance policy. In addition, the Foundation accepts whole life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to the Foundation. If the insurance policy is not fully paid up or self-sustaining, the Foundation may choose either to cash it out for the current cash surrender value or continue the policy with premiums paid as charitable contributions each year by the donor. The Foundation does not participate in charitable split dollar insurance plans.

**G. Tangible Personal Property** - Gifts of tangible personal property are acceptable. Conditions for accepting gifts include salability, whether the items are userelated, physical condition of the property, cost of storage or insurance, and any other unusual feature or condition associated with the transfer. Most personal property transfers are received through estate gifts, and the property is then transferred pursuant to a personal property memorandum or sold if not use-related.

**H. Bargain Sales** - The Foundation does not normally directly participate in bargain sales (other than charitable gift annuities which are a type of bargain sale). A bargain sale is one in which the Foundation is provided the opportunity to purchase property at less than its Fair

Market Value. The charitable gift is the difference between the sales price and the market value. The Foundation's Board of Trustees may consider a special situation where such a purchase is prudent, or the beneficial charity may instruct the Foundation to effect the purchase with the charity's money.

**I. Retirement Plan Assets** - The Foundation may be named as a beneficiary of any retirement plan. If the Foundation is a partial beneficiary, it shall seek to withdraw its portion of the plan as soon as possible after notification, so that the remaining parties may be free to "stretch" the amount over a long period of time, if desired.

**J. Estate Gifts** - The Foundation receives bequests and other gifts as a result of a donor's death. These may be structured in a will, trust, TOD/POD beneficiary designation, life estate deed, or other such technique.

**K. Other Gift Types** - The Foundation may consider other types of gifts. The Foundation will use fiscally and legally sound rationale for acceptance, and will defer to the Foundation Board of Trustees or Administrative Committee when necessary. These gift acceptance policies are simply intended to cover the normal day-to-day operations of the Foundation.

## **IV. SPLIT INTEREST GIFT ARRANGEMENTS**

**A. The Internal Revenue Code provides several opportunities for donors to establish split interest arrangements with a charity.** The Foundation provides access to charitable gift annuities, charitable remainder trusts, charitable lead trusts, and life estate deeds. These qualified gifts provide the donor with a partial charitable income tax deduction if initiated during their lifetime or a partial estate tax deduction if funded at death.

**B. The Foundation normally only serves as the Trustee for such noncharitable interests when the life expectancy for the non-charities does not exceed 40 years.** Exceptions are made only by the President, CEO and the Vice President, CFO when there are prudent reasons for accepting such gifts.

**C. The Foundation strongly encourages donors to consult their own legal, tax, and financial advisors in the creation of a charitable remainder or lead trust.** When desired, the Foundation will provide sample documents and calculations for the donor and his/her advisors to review. **D. Charitable Remainder Annuity, Unitrust, and Lead Trusts (CRAT's, CRUT's & CLT's)** - The Foundation will serve as trustee of trusts when at least a majority of the charitable interest benefits Christian ministries. The minimum amount for such a trust is \$50,000. In no event will mortgaged property be accepted for such trusts.

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**E. Charitable Gifts Annuities (CGA)** - The Foundation is permitted to issue annuities in the Commonwealth of Virginia. The minimum amount for a Gift Annuity is \$10,000. The Foundation issues annuities only when the remainder benefits Christian causes. Therefore, a Gift Annuity is a three-party agreement. If the Foundation is not the sole beneficiary of a Gift Annuity, the charitable remainder beneficiary must agree to pay any required annuity payments if the fund is depleted. All assets funding such annuities shall be readily marketable, unless special approval is secured from the Foundation's Administrative Committee or Board of Trustees. The Foundation will pay annuitants up to the rates suggested by the American Council of Gift Annuities (ACGA) or its successor organization.

**E. Non-Qualified Irrevocable Trusts** - Other irrevocable trusts which do not qualify for a charitable deduction may be administered by the Foundation where significant charitable interests for Christian ministries are involved, and the Foundation is legally authorized to serve as trustee. Typically, this type of trust must leave at least a majority of its remainder to Christian ministries.

## V. GIFT POLICY EXCEPTIONS

**A. General Exceptions** - Exceptions to these policies must be approved by the Foundation's Board of Trustees.

**B. Exceptions for Completed Gifts and Gifts Under Negotiation** - Gifts made through estate plans that have been properly executed prior to the date of these policies, and gifts already received by the Foundation are grandfathered under these policies. Gifts under negotiation at the time these policies are adopted need not conform to the policies, but will be accepted based upon the spirit of these policies and the specific terms negotiated with the donor.

## VI. AUTHORIZATION

**A. The President, CEO and the Vice President, CFO of the Foundation will have the overall authority to handle inquiries, engage in negotiations with donors, assemble documentation, and execute agreements on behalf of the Foundation.** Assuming such activities follow approved procedures and assuming such agreements are approved by the Foundation's legal counsel and/or Administrative Committee if required, this authority to act will not require review or further approval by the Board of Trustees. However, the Administrative Committee will review these gift arrangements on a quarterly basis.