

FIRST PRESBYTERIAN CHURCH OF FERNANDINA BEACH, FLORIDA GIFT ACCEPTANCE POLICY

First Presbyterian Church of Fernandina Beach, a Florida not for profit Corporation headquartered in Fernandina Beach, Florida, (hereinafter referred to as "First Presbyterian") encourages the solicitation and acceptance of gifts to First Presbyterian that will help First Presbyterian to further fulfill its mission. The following policies and guidelines govern acceptance of gifts made to First Presbyterian or for the benefit of any of its endowments or programs, including that certain Endowment Trust Fund of First Presbyterian Church, as amended and restated on February 6, 2017.

I. Purpose of Policies and Procedures

The purpose of this document is to set forth the criteria that First Presbyterian and its Gift Acceptance Committee use to determine that a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts First Presbyterian accepts. While these guidelines establish best practices, they are designed to provide flexibility as directed by the Gift Acceptance Committee.

II. Use of Legal Counsel

First Presbyterian seeks the advice of outside legal counsel as appropriate on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
2. Documents naming First Presbyterian as Trustee;
3. Gifts involving contracts, such as bargain sales or other documents requiring First Presbyterian to assume a legal obligation;
4. Gifts of patents and intellectual property;
5. Transactions with potential conflict of interest that may invoke IRS sanctions; and
6. Other instances in which use of counsel is deemed appropriate by First Presbyterian's Gift Acceptance Committee.

III. Communications with Donors

First Presbyterian holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or a prospective donor will be granted only if permission is first obtained from the donor.

IV. Conflict of Interest

First Presbyterian does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. First Presbyterian endorses the Model Standards of Practice of the Charitable Gift Planner promulgated by the National Committee on Planned Giving (attached as Appendix A) and the Donor Bill of Rights promulgated by the Association of Fundraising Professionals (attached as Appendix B).

V. Restrictions on Gifts

Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with First Presbyterian's mission, purposes and priorities. First Presbyterian will not accept gifts that are inconsistent with its mission, purposes or priorities or are judged too difficult to administer. If a donor desires to restrict a gift, the donor must specify the restriction at the time of the gift. Unless specified otherwise, gifts shall be considered unrestricted. First Presbyterian shall be under no obligation to maintain the gift in its original form unless specified at the time of the gift by the donor.

VI. The Gift Acceptance Committee of First Presbyterian

The Gift Acceptance Committee will review all non-marketable gifts to First Presbyterian, and those gifts referred to it by the Session. The Gift Acceptance Committee shall consist of the Church Treasurer and the Finance Committee.

VII. Types of Gifts

A. The following gifts may be considered for acceptance by First Presbyterian:

1. Cash
2. Tangible personal property, including in-kind gifts
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. Revocable trust agreements
11. Charitable lead trusts
12. Retirement plan beneficiary designations
13. Bequests
14. Life insurance beneficiary designations
15. Intellectual property rights

B. The following criteria apply to the acceptance of gifts in these categories.

1. Cash: Cash may be accepted in any negotiable form.
2. Tangible Personal Property: First Presbyterian will accept tangible personal property. In assessing the appropriateness of the gift, First Presbyterian should address the following questions:
 - (i) Is the property marketable? What is the market for and costs of transportation to market and sale?
 - (ii) Are there any undue restrictions on the use, display, or sale of the property?
 - (iii) Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?
3. Securities: First Presbyterian can accept both publicly traded securities and closely held securities.
 - (i) Publicly Traded Securities: Marketable securities will 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 will be sold upon receipt. 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 may be made by the Gift Acceptance Committee of First Presbyterian.
 - (ii) Options and Other Rights in Securities: The following questions apply to acceptance of warrants, stock options and stock appreciation rights:
 - (a) Is First Presbyterian required to advance funds upon exercise of the gift? If so, does First Presbyterian have the required funds?
 - (b) Is First Presbyterian at risk of loss of funds in accepting the gift?
 - (c) Are the rights restricted? And if so, does the restriction affect the ability of First Presbyterian to dispose of the asset? Does the restriction materially impact the value of the gift to First Presbyterian?
 - (d) Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?
 - (iii) Closely Held Securities: Proposed gifts of 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, will be reviewed by addressing the following questions:

- (a) What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, LLP.)
- (b) Will the security generate unrelated business taxable income to First Presbyterian? If so, does First Presbyterian have the funds to pay this tax?
- (c) Will the gift trigger any negative tax consequences to the donor? If the donor is unsure, please advise him to talk with his accountant.
- (d) Are there restrictions on the security that would prevent First Presbyterian from ultimately converting those assets to cash?
- (e) How does the company operate? Does its operation of the gift interest create liability for First Presbyterian?
- (f) Is the security marketable? If so, what is the market for sale, and estimated time required for sale?

If potential problems arise on initial review of the security, further review and recommendations may be sought from an outside professional before making a decision whether to accept the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

4. Real Estate: First Presbyterian will consider real property. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, First Presbyterian requires an initial environmental review of the property to ensure that the property is free of environmental damage. In the event that the initial inspection reveals a potential problem, First Presbyterian may retain a qualified inspection firm to conduct an environmental audit. The prospective donor must bear the cost of the initial environmental review and any subsequent environmental audit. When appropriate, a title binder shall be obtained by First Presbyterian prior to the acceptance of the real property gift. The cost of the title binder will be borne by the donor.

The following criteria applies to gifts of real estate:

- (i) Is the property useful for the purposes of First Presbyterian?
- (ii) Is the property marketable?
- (iii) Are there any restrictions, reservations, easements, or other limitations associated with the property?
- (iv) Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- (v) Does the audit reflect that the property is free of environmental damage?

5. Remainder Interests In Property: First Presbyterian may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph (4). At the death of the life tenants, First Presbyterian may use the property or reduce it to cash. Where First Presbyterian receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the donor and/or primary beneficiary.

6. Life Insurance: First Presbyterian must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, First Presbyterian 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, First Presbyterian 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

Once the policy is accepted, life insurance holdings will be reviewed annually to determine whether it is best to continue to pay the premiums, convert the policy to paid up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

7. Charitable Gift Annuities: First Presbyterian may offer both current and deferred charitable gift annuities to its donors. The minimum funding amount is \$10,000. First Presbyterian adheres to the rates set by the American Council on Gift Annuities. The minimum age for current life income beneficiaries of a gift annuity shall be 65, and the minimum age for a deferred charitable gift annuity is age 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. First Presbyterian will accept only cash or marketable securities for current annuities, and will consider real estate or closely held stock for deferred gift annuities with a deferral period of five years or more, with the approval of the Gift Acceptance Committee.

8. Charitable Remainder Trusts: First Presbyterian encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. However, First Presbyterian will not serve as trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.

9. Revocable Trust Agreements: First Presbyterian encourages its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, First Presbyterian will not serve as trustee of a revocable trust agreement and will instead encourage the donor to use a professional fiduciary.

10. Charitable Lead Trusts: First Presbyterian may accept a designation as income beneficiary of a charitable lead trust. First Presbyterian will not accept an appointment as Trustee of a charitable lead trust.

11. Retirement Plan Beneficiary Designations: Donors and supporters of First Presbyterian will be encouraged to name First Presbyterian as beneficiary of their retirement plans. Such designations will not be recorded as gifts to First Presbyterian until such time as the gift is irrevocable.

12. Bequests: Donors and supporters of First Presbyterian will be encouraged to make bequests to First Presbyterian under their wills and trusts. Such bequests will not be recorded as gifts to First Presbyterian until such time as the gift is irrevocable.

13. Life Insurance Beneficiary Designations: Donors and supporters of First Presbyterian will be encouraged to name First Presbyterian as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to First Presbyterian until such time as the gift is irrevocable.

14. Intellectual Property Rights: Intellectual property rights, which include royalties, patents, copyrights, contract rights or other similar interests, will be examined in light of the following criteria:

- (i) Is the intellectual property right related to the mission of First Presbyterian?
- (ii) Can the ownership of the intellectual property right be clearly transferred or assigned to First Presbyterian?
- (iii) Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?
- (iv) Does the right in the intellectual property generate, or have the potential to generate, at least \$5,000 or more each year?
- (v) Is there a market for the sale or licensing of the intellectual property right?
- (vi) Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)
- (vii) Are there any restrictions on the retention or use of the property?
- (viii) What agreements or other legal documents would First Presbyterian be required to execute in order to obtain patents, market the property and grant licenses in the name of First Presbyterian?

VIII. Miscellaneous

A. Securing appraisals and legal fees for gifts to First Presbyterian: It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to First Presbyterian.

B. Valuation of gifts for development purposes: First Presbyterian will record a gift received by First Presbyterian at its valuation for gift purposes on the date of gift.

C. Responsibility for IRS Filings upon sale of gift items: The Session of First Presbyterian or their designee is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by First Presbyterian when the charitable deduction value of the item is more than \$5,000. First Presbyterian 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: Acknowledgement of all gifts made to First Presbyterian and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Session of First Presbyterian or their designee. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from www.irs.gov.

E. Disclosure provided for pooled funds. First Presbyterian will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.

Adopted by the Session of First Presbyterian Church, Fernandina Beach, Florida, _____
on April 18, 2017

Carol Ann Peterson