

Eastern Mennonite Missions' Gift Acceptance Policy

PREAMBLE

These policies are designed to assure that all gifts to, or for the use of, Eastern Mennonite Missions (EMM) are structured in ways that provide maximum benefits to all parties. To protect the interests of Eastern Mennonite Missions and to those who support its programs, EMM seeks to encourage funding without encumbering the organization with gifts that may generate more cost than benefit, or which are restricted in a manner not consistent with Eastern Mennonite Missions' goals.

This policy will focus on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property. Except where stated otherwise, these policies are intended as guidelines; because some gift situations may be complex, the organization must be flexible and make decisions only after carefully considering of a number of interrelated factors. In some instances the Gift Acceptance Committee may need to consider the merits of a particular gift and make a final decision; the Gift Acceptance Committee is empowered to make exceptions on a case by case basis.

The Gift Acceptance Committee will be comprised of a representative of the Finance Department (appointed by the Director of Finance), a representative of the Advancement Department (appointed by the Director of Advancement), and a member outside of direct staff (appointed by the President). They shall report their activities to the Chief Operations Officer (COO). They shall determine gift types, minimum ages (ex. Section II.B.1.) and amounts, and other related items regarding the planned giving acceptance policies. They shall meet once a year and as needed.

I. OUTRIGHT GIFTS

A. Cash

1. Eastern Mennonite Missions shall accept gifts in the form of cash and checks regardless of amount unless there is a question as to whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds as a gift to Eastern Mennonite Missions. In such cases the matter will be referred to the Director of Finance.
2. All checks should be made payable to Eastern Mennonite Missions and shall in no event be made payable to an employee, agent, or volunteer for the credit of Eastern Mennonite Missions.
3. Appropriate inquiry shall be made and consideration shall be given to the nature of any restricted cash gift and whether it is in keeping with the mission

and values of Eastern Mennonite Missions prior to the acceptance of any such cash gift.

B. Publicly traded securities

1. Eastern Mennonite Missions shall accept securities that are traded on the New York Stock Exchange, American Stock Exchange and NASDAQ, as well as other readily marketable securities. EMM will generally sell such securities within 1-2 business days of receipt. In no event shall an employee or volunteer working on behalf of Eastern Mennonite Missions commit to a donor that EMM will hold a particular security – unless authorized to do so by the Chief Operations Officer of EMM.
2. For EMM to accept a security, the security's issuer must comply with the social values of Eastern Mennonite Missions. EMM will not accept securities from companies that sell tobacco, produce or distribute military weapons, or produce sexually explicit material or other socially objectionable products.

C. Closely held securities

1. EMM may accept non-publicly traded securities only after the Gift Acceptance Committee or its designee has given approval.
2. EMM may subsequently dispose of such securities only with the approval of the Gift Acceptance Committee.
3. EMM shall make no commitments to the donor for the repurchase of such securities prior to completion of a gift of securities.

D. Real property

1. EMM shall accept no gift of real estate, commercial or residential without prior approval of the Gift Acceptance Committee or its designee.
2. Prior to acceptance, all gifts of real estate must meet requirements set by the Gift Acceptance Committee, including:
 - a. appraisal by a party chosen by Eastern Mennonite Missions; the appraiser shall have no business or other relationship to the donor
 - b. assessment of environmental issues and potential liabilities
 - c. advance confirmation of clear title and access
 - d. assessment of marketability and insurability
 - e. assessment of property tax issues
 - f. determination of how the property will be managed until sold
3. In general, EMM will accept residential real estate with a value estimated by the appraiser to be \$10,000 or greater, unless: the Gift Acceptance Committee determines that the property is not suitable for acceptance; or the committee chooses to make an exception for a specific property with a lower appraised value.

4. EMM shall not accept real estate to fund a charitable gift annuity without legal counsel as to the permissibility of this action under the laws of the state involved and approval by the Gift Acceptance Committee.
 5. The Gift Acceptance Committee shall carefully investigate the receipt of real estate encumbered by a mortgage, as the ownership of such property may give rise to unrelated business income for Eastern Mennonite Missions, and disqualification of certain split interest gifts unless handled in a proper manner.
- E. Tangible personal property
1. Jewelry, artwork, collections, and other personal property shall not be accepted unless the employee, agent, or volunteer working on behalf of Eastern Mennonite Missions shall have reason to believe the property has a value in excess of \$1,000. Such property can only be accepted by the Gift Acceptance Committee or such other person or persons authorized to do so by that committee.
 2. Eastern Mennonite Missions shall not accept personal property unless there is reason to believe the property can be quickly liquidated or used. No personal property shall be accepted that obligates Eastern Mennonite Missions to ownership of it in perpetuity.
 3. EMM will not accept perishable property or property that requires special facilities or security to properly safeguard.
 4. If the personal property's value is likely to be \$5,000 or more, a qualified appraisal (according to terms of the internal revenue code governing gifts of property of this type) must occur prior to EMM's acceptance of the gift.
 5. Only the Chief Operations Officer or persons that the COO authorizes may represent to a donor that EMM will or will not hold a property for a specific period of time or for purposes related to its tax-exempt status. Upon receiving a gift of tangible personal property, EMM will notify donors that Eastern Mennonite Missions will, as a matter of corporate policy, cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.
 6. Items donated for special events, to be consumed, used for prizes, auctions or designated for organizational use (such as books or computers) shall generally be accepted and otherwise exempted from the constraints of this section (Section E.1-5).
- F. Other property
1. Other property of any description, whether real or personal, including mortgages, notes, copyrights, royalties, and easements shall only be accepted by action of the Gift Acceptance Committee or persons duly acting on its behalf.

2. Prior to accepting any property, EMM shall make appropriate inquiry and give consideration to its nature and compliance with the mission and values of Eastern Mennonite Missions.

II. PLANNED GIFTS

A. Bequests

1. Eastern Mennonite Missions shall actively encourage gifts through wills (bequests).
2. In the event of inquiry by a prospective donor or his/her legal counsel, representations as to the future acceptability of property proposed to be bequeathed to Eastern Mennonite Missions shall only be made in accordance with the terms and provisions of Section I of this document.
3. When possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Gift Acceptance Committee; EMM will attempt to encourage the donor to prepare his or her plans in accordance with Eastern Mennonite Missions' policy. EMM shall attempt to discover bequest expectancies in order to discover and rectify any potentially problematic situations.
4. EMM shall reject unacceptable gifts of property from deceased donors' estates only by action of the Gift Acceptance Committee. Eastern Mennonite Missions' legal counsel shall expeditiously communicate the decision of the Gift Acceptance Committee to the legal representatives of the estate.

B. Charitable gift annuities

1. Without the Gift Acceptance Committee's prior approval, EMM will not accept immediate payment gift annuities that name an income beneficiary under 60 years of age. EMM may accept deferred payment gift annuities with younger beneficiaries if payment does not begin before the beneficiary/s' 60th birthday.
2. There shall not be more than two income beneficiaries for each annuity.
3. A donor must initially contribute at least \$5,000 for the first annuity he or she creates. The same donor may create additional annuities with minimum initial contributions of \$3,000 each to the same beneficiary/s as the first annuity.
4. The minimum contribution for a deferred gift annuity shall be such that the corpus grows to \$5,000 by the time of the first annuity payment to the annuitant.
5. Gift annuities shall only be offered when it has been determined that Eastern Mennonite Missions meets the requirements – reserves, disclosure language, etc. – of the state in which the donor signs the annuity. The annuity will include documentation as to the physical location where the annuity is signed by the donor.

C. Charitable remainder trusts

1. Eastern Mennonite Missions may choose to serve as sole trustee of a charitable remainder trust for the benefit of the organization. In some cases, Eastern Mennonite Missions may choose to have a corporate fiduciary act as trustee and will recommend such fiduciaries to the donor.
2. Generally, it is preferable that the donor pay for professional or management services of the trust. However, the fees for management of a charitable remainder trust may be paid by Eastern Mennonite Missions upon approval by the Gift Acceptance Committee.
3. Cash, publicly traded stock, bonds, and highly marketable properties are the preferred funding assets for charitable trusts.
4. No employee or other person acting on behalf of Eastern Mennonite Missions, other than those designated by the Gift Acceptance Committee, shall represent the manner in which charitable remainder trusts assets will be managed. If a fiduciary acts as trustee, no representation of such will be made by an employee of Eastern Mennonite Missions.
5. EMM shall not market trusts as tax avoidance devices or as investment vehicles; such activity may violate federal and/or state securities regulations.
6. Eastern Mennonite Missions will offer Charitable Remainder Unitrusts (CRUT), Net Income Charitable Remainder Unitrusts (NICRUT), and Net Income Makeup Charitable Remainder Unitrusts (NIMCRUT) as charitable remainder trust options to donors.
7. The minimum amount to establish a charitable remainder trust for which Eastern Mennonite Missions serves as trustee is \$50,000.
8. No charitable remainder trust will be allowed where it is determined that the net present value of the remainder interest in the trust is less than 10% of value of the funds transferred to the trust. If EMM is to serve as trustee, EMM desires that at least 50% of the initial value of the funds transferred remains with the charity when the trust matures.

D. Life estate gifts

1. Donors shall generally not be encouraged to make qualified gifts of real property to Eastern Mennonite Missions under which they maintain a life interest in the property.
2. Such gifts are subject to approval by the Gift Acceptance Committee in situations where the committee is satisfied that there has been full disclosure to the donor of the possible future ramifications of the transaction and that the gift complies with other guidelines concerning gifts of real estate.
3. Prior to accepting any gifts of real property subject to a life estate, the donor and EMM will prepare and sign a written agreement that details each party's

responsibilities and a summary of the treatment of the proceeds of the sale of the property should the parties decide to sell it prior to the death of the donor.

E. Gifts of Life Insurance

1. Eastern Mennonite Missions will encourage donors to name Eastern Mennonite Missions to receive all or a portion of the benefits of their life insurance policies.
2. EMM will endorse no particular insurance products.
3. In accordance with EMM's corporate data privacy policy, in no event shall lists of Eastern Mennonite Missions' donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or Eastern Mennonite Missions. This practice represents a potential conflict of interest, may cause donor relations problems, and may subject Eastern Mennonite Missions to state insurance regulation should the activity be construed as involvement in the marketing of life insurance.

III. PAYMENT OF FEES RELATED TO GIFTS

A. Finder's fees or commissions

1. Payment of finder's fees, commissions, or other non-salary compensation arrangements is sometimes illegal and may subject Eastern Mennonite Missions, its management, and its Board to federal and state securities regulations. In cases where finder's fees or commissions are deemed to be illegal, Eastern Mennonite Missions will not pay such fees.

B. Professional fees

1. Only following discussion and with donor approval, Eastern Mennonite Missions will pay fees for professional services rendered in connection with the completion of a gift to Eastern Mennonite Missions.
2. Fees shall be reasonable and directly related to the completion of the gift. They shall be limited to appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest, legal fees for the preparation of documents, accounting fees incident to the transaction, and financial planners' "fees for service."
3. In the case of financial planners, such persons must affirm in writing that they are compensated only through fees for services rendered and that they are not compensated for the sale of products to clients. This distinction is vital in avoiding the payment of commissions, which could be construed as triggering securities regulations.
4. In the case of legal, accounting and other professional fees, the Gift Acceptance Committee shall attempt to ascertain the reasonableness of these fees prior to payment.

5. In cases where the persons receiving fees were initially employed by the donor but Eastern Mennonite Missions is asked to pay the fees involved, the donor shall be notified that the payment of such fees may result in taxable income to the donor in the amount of the fees paid.
6. In situations where advisors retained by Eastern Mennonite Missions prepare documents or render advice in any form to Eastern Mennonite Missions and/or a donor to Eastern Mennonite Missions, EMM shall disclose to the donor that the professional involved is employed by Eastern Mennonite Missions, is not acting on behalf of the donor, and that the donor's own counsel should review any documents or other advice rendered prior to completion of the gift.

IV. RESTRICTIONS

- A. Restrictions on use and investment of gifts
 1. No restrictions on how gifts may be used by Eastern Mennonite Missions will be honored without the approval of the Gift Acceptance Committee.
 2. A permanent endowment may be established with a minimum gift of \$20,000 and with the Board's approval.*

*In March 2001, the Executive Committee of the EMM Board approved the following recommendations:

- (1) That the EMM Executive Committee and Board do not set a comprehensive policy on endowments at this time; and
- (2) That we affirm the EMM staff in bringing specific proposals as they sense the Lord's leading, to which the Executive Committee will respond on a case-by-case basis.

Approved August 5, 2010 via E-mail