FI. Gift Acceptance Policy

GAP1 Introduction

Eno River Unitarian Universalist Fellowship (hereinafter referred to as ERUUF) and the Eno River Fellowship Foundation (hereinafter referred to as the Foundation) solicit and accept gifts that assist the congregation in fulfilling its mission. Prospective donors are encouraged to speak with the Lead Minister about their philanthropic plans. Prospective donors are also urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences.

GAP2 Definitions

1. Eno River Fellowship Foundation: an independent 501(c)(3) Type I Supporting organization that manages the permanent endowment funds that support ERUUF.
2. Permanent Endowment: refers to money or other financial assets that are donated and are meant to be invested to grow the principal and provide additional income for future investing and expenditures.
3. Endowed gifts: Whereas direct contributions to ERUUF can be spent in their entirety over a relatively short time frame, gifts to the Foundation endowment will support ERUUF in perpetuity, with only the distributions of earnings available to spend on activities consistent with donor intent and ERUUF's mission.
4. Coordinating Team: the team managing the day-to-day operations of ERUUF, consisting of the Lead Minister and at least two other staff members and/or lay leaders collaboratively named by the Board and the Lead Minister.
5. Tangible Gifts: Any non-cash gift which may be used by ERUUF or sold to provide cash funds, including such items as works of art, real estate, professional services, cars, furniture or landscaping plants.

GAP3 Gift Acceptance

1. Overview: Gifts that benefit ERUUF may be directed to ERUUF or to the Foundation. The following policies and guidelines govern acceptance of gifts made for the benefit of any of ERUUF's operations, programs or services, including gifts made to the Foundation endowment.
2. Gift Criteria: ERUUF and the Foundation gratefully accept gifts which align with the Fellowship's mission, vision, and/or strategic goals, provided that they meet certain criteria. In determining whether to accept a gift, the following questions must be answered:
    a. Does this gift align with the organization's articles of incorporation?
    b. Does this gift comply with the terms of a 501(c)(3) tax-exempt status (Appendix A)?
    c. Does this gift sufficiently cover the indirect costs of administering the gift?
    d. Is this gift too difficult or too expensive to administer in relation to its value?
    e. Would acceptance of this gift create any unacceptable consequences for either organization, including harm to its reputation?
3. Guidelines for Unrestricted Gifts

    a. Unrestricted gifts refer to gifts with no limitations on how the gift is to be used.
    b. Unrestricted gifts are encouraged and may be given to either ERUUF or the Foundation.
    c. Unrestricted gifts directed to ERUUF will be placed in a designated reserve fund (like the Strategic Initiatives Fund or Campus Needs Fund) at the discretion of the Lead Minister, in consultation with the Coordinating Team.
    d. Unrestricted gifts to the Foundation will be placed in the General Fund of the endowment (see Appendix B).
    e. Unrestricted gifts provide the greatest flexibility to direct resources where they are most needed at any particular time. For this reason, unrestricted gifts are always preferred.
4. Guidelines for Restricted Gifts
    a. Gifts to ERUUF for specific purposes may only be accepted if mutually agreed upon by the donor and the Coordinating Team. Such gifts must comply with the terms of this policy and be in alignment with the mission, vision and strategic goals for ERUUF.
    b. Restricted gifts to ERUUF will be placed in a Temporary or Designated Fund until the purpose of the gift has been accomplished. The largest of such funds is the Minister's Discretionary Fund. This fund is used to support members and friends of ERUUF facing challenging circumstances, and the use of the fund is often to address pastoral care needs. The receipt and disbursement of funds is at the discretion of the Lead Minister.
    c. Restricted gifts to the Foundation may be placed in one of four funds with specific designated purposes (see Appendix B).
5. Foundation
    a. Endowed gifts (gifts to the Foundation) shall be acknowledged or approved as needed by the Foundation Board of Directors.
    b. Unrestricted gifts to the Foundation will be placed in the General Fund of the endowment (see Appendix B).
    c. Endowed gifts to the Foundation may be directed to any one or more of the Foundation's funds (see Appendix B). The choice of funds may be designated via an intent form, letter or other written communication from the donor.
    d. Gifts made to the Foundation for which the donor's intent cannot be determined, after the appropriate due diligence, will be allocated to the General Fund.
6. Tangible Gifts or Services
    a. Gifts of tangible goods or services in excess of $20,000, or gifts that bring into question any of the limitations described above, shall require review by an ad-hoc Gift Acceptance Committee comprising the Lead Minister, the Executive Minister, and at least three additional members, as follows:
        i. a representative from the ERUUF Board of Trustees (BoT),
        ii. a member of the Board Finance Advisory Committee, and

iii. a representative from either ERUUF's Coordinating Team or the Foundation Board, depending on which legal entity would be the recipient of the gift.

b. The review and acceptance of any gift may include seeking legal advice or financial counsel.

GAP4 Types of Gifts

The following sections pertain to all gifts given to ERUUF or the Foundation. This includes gifts made during the donor's lifetime as well as Planned Gifts that will be realized upon a donor's death (e.g. a bequest in a will or a beneficiary designation). For Planned Gifts, donors are encouraged to contact a member of the Planned Giving Team for guidance.

1. Gifts of cash - Cash is acceptable in any form. Checks should be made payable to ERUUF or to the Eno River Fellowship Foundation (with the name of the fund being donated to on the check memo line if possible) and should be delivered to the congregation's administrative office.
2. Retirement Plan Beneficiary Designation - Donors and supporters of ERUUF are encouraged to name ERUUF or the Foundation as a beneficiary of their retirement plans. Notification of the donor's intent via a Legacy Gift Intent form filed with the ERUUF office is strongly encouraged. Such designations shall not be recorded as gifts until such time as the gift is irrevocable.
3. Life Insurance Beneficiary Designation - Donors and supporters of ERUUF are encouraged to name ERUUF or the Foundation as a beneficiary or contingent beneficiary of their life insurance policies. Notification of the donor's intent via a Legacy Gift Intent form filed with the ERUUF office is strongly encouraged.
4. Life Insurance
   a. ERUUF or 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.
   b. The gift is valued as determined by the Internal Revenue Code and its corresponding regulations. If the donor contributes future premium payments, the entire amount of the additional premium payment will be included 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, ERUUF or the Foundation at its absolute discretion 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
5. Marketable securities may be transferred to ERUUF or the Foundation with the transferor's signature or stock power attached. Instructions for donating securities may be found in Appendix C or on the ERUUF website. The donor will be sent an acknowledgment of the gift valued on the day the securities are received.
6. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.
   a. Prior to acceptance of real estate, the accepting entity (ERUUF or the Foundation) shall require an initial review of the property to ensure that the property has no

hidden or undesirable contingencies, encumbrances, or liabilities such as environmental damage.

   b. In the event that the initial inspection reveals a potential problem, an independent qualified inspection firm will be retained to conduct an appropriate audit. The cost of the audit shall be an expense of the donor.
   c. When appropriate, a title binder shall be obtained prior to the acceptance of the real property gift. The cost of this title binder shall be an expense of the donor.
7. Gifts of real or tangible property
   a. Valuation of the gift is the responsibility of the donor unless the property is sold within six months of the gift being accepted, in which case the sale value shall be the value of the gift.
   b. Criteria for acceptance of all real or tangible property shall include:
      i. Is the property useful for the purposes of ERUUF?
      ii. Is the property marketable?
      iii. Are there any restrictions, reservations, easements, environmental liabilities, 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?
8. Securities for which there is no active market, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, may be accepted subject to the approvals outlined in GAP3 - Gift Acceptance above. However, gifts must be reviewed prior to acceptance to determine that:
   a. there are no restrictions on the security that would prevent the conversion of those assets to cash,
   b. the security is marketable, and
   c. the security will not generate any undesirable tax consequences
   d. If potential problems arise on initial review of any security, further review and recommendation by an independent financial advisor, legal counsel and/or other independent professional may be sought before a final decision on acceptance of the gift is made.
   e. Every effort will be made to sell non-marketable securities as quickly as possible.
9. A charitable remainder trust or a charitable gift annuity may be established during the donor's lifetime that includes ERUUF or the Foundation as a beneficiary. These instruments will be managed by the Unitarian Universalist Association (UUA) and will be subject to the policies of the UUA. Donors interested in this type of planned gift should visit the UUA website.
10. The acceptance of other planned gift instruments, such as Pooled Income Trusts and Charitable Lead Trusts may be accepted by ERUUF or the Foundation upon review and recommendation of the ad-hoc Gift Acceptance Committee (see GAP3 - Gift Acceptance section above). Donors interested in making such gifts should contact the Lead Minister and/or the current Foundation Board President. Neither ERUUF nor the Foundation will accept appointment as Trustee of these types of trusts.
11. Other more complicated and esoteric gifts, such as remainder interests in property; oil, gas and mineral interests, bargain sales, etc. may be accepted by the Foundation, but

only with the approval of its Board of Directors. Consideration will be given to the time and costs involved in assessing and structuring the gift before accepting it.

GAP5 General Provisions

1. Appraisals and legal fees - It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel (if desired) for all gifts made to ERUUF or the Foundation.
2. Memorial Gifts
    a. Memorial gifts are made in remembrance of someone who has passed away.
    b. Memorial gifts given to ERUUF will be presumed to be unrestricted. The gift may only be directed for a particular use with the prior approval of the Coordinating Team.
    c. Memorial gifts given to the Foundation will be presumed to go to the General Fund (see Appendix B) unless clearly designated for one of the other endowment funds.
3. Valuation of gifts for development purposes - A gift shall be recorded as received by ERUUF or the Foundation at its valuation for gift purposes on the date of the gift.
4. Responsibility for IRS filings - The ERUUF Bookkeeper or the Foundation Treasurer is responsible for filing IRS Form 8282 upon sale or disposition of certain assets sold within two years of receipt by ERUUF or the Foundation where the charitable deduction value of the item was $5,000 or greater. This form must be filed within 125 days of the date of sale or disposition of the asset.
5. Acknowledgement of Gifts - All gifts made to ERUUF or the Foundation must be in compliance with the current IRS requirements. An acknowledgment of such gifts shall be the responsibility of the ERUUF Bookkeeper or the Foundation Treasurer, Secretary and/or President.

GAP6 Changes to Policy

All changes to or deviations from this policy must be reviewed and approved by the Foundation Board of Directors, the ERUUF Board of Trustees, and the ERUUF Coordinating Team regardless of whether the Foundation Board or the ERUUF Board initiated the changes. The ERUUF Board of Trustees will have final approval and the updated policy will be posted in the policy manual on the ERUUF website.

Appendix A: Requirements for 501(c)(3) Tax Status

- The organization’s net earnings may not inure to any private shareholder or individual.
- The organization must not provide a substantial benefit to private interests.
- The organization must not devote a substantial part of their activities to attempting to influence legislation.
- The organization must not participate in, or intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office; and
- The organization’s purposes and activities may not be illegal or violate fundamental public policy.

Appendix B: Eno River Fellowship Foundation Fund Descriptions

The Foundation is a separate nonprofit organization (501[c]3), Type 1 supporting organization with its own Board of Directors. The Directors oversee growth of the endowment's assets and regular distributions of earnings on those assets. Contributions to the endowment are invested and only a portion of the interest earned from the endowment's assets is spent so that the endowment can continue to grow and maintain its purchasing power over time. This provides enduring financial support to ERUUF.

I. Initiatives and Enhancements Fund (the original fund; restricted)

This fund supports projects and activities that enrich the ERUUF experience. It can provide the resources needed for the exploration of bold, new possibilities that are aligned with our aspirations. The disbursed funds can be used to support any area of ministry (e.g., spiritual development and personal growth, justice ministry and community outreach, program enrichment, and campus/infrastructure improvements). However, they cannot be used for recurring expenses that are normally included in the annual operating budget such as utilities, supplies or repairs. For example, the funds can support the initial phase of innovative new programs or impactful infrastructure improvements that are beyond the scope of the ERUUF's Campus Needs Fund. The earnings from Initiatives and Enhancements fund are disbursed in the form of grant proposal awards. All proposals must be consistent with the Strategic Plan and should be supported by a senior staff person. Funding priorities are established and decisions are made by the Foundation Board, including input from the Executive Minister and the Lead Minister, who are non-voting ex officio Board members.

II. Mission and Vision Funds (the new funds)

The four funds in this category will be used to enhance ERUUF's capacity to achieve its mission and facilitate sustainable progress toward our specific Ends and long-term Vision. Thus, these funds will help to ensure that ERUUF continues to grow, mature, and prosper. The earnings from the funds listed below will be disbursed from the endowment into ERUUF's operating funds and used for one or more of the following purposes.

1. The General Fund (unrestricted) can be used for any purpose. This fund provides the flexibility to use the disbursed funds wherever the need is greatest, thereby enhancing ERUUF's capacity to respond to changing circumstances. Donors are strongly encouraged to make gifts to this fund.

2. The Learning and Growth Fund (restricted) supports programs that enhance the growth and development of our community members at all stages of life. The disbursed funds can be used for any purpose related to religious education, spiritual development, opportunities for personal growth, leadership development, and support of ministerial interns.

3. The Building Beloved Community Fund (restricted) supports programs and activities that enhance spiritual fellowship, foster the sense of belonging and acceptance, and create a thriving and inclusive community. For example, the funds could be used to support the music program, to enhance the worship experience, for community celebrations, for racial equity and inclusion workshops, or for seminars on building right relationships.

4. The Beyond Our Walls Fund (restricted) supports justice activities outside of ERUUF and our efforts to strengthen Unitarian Universalism. For example, the funds could be used to support the work of any of the Justice Ministry Action Teams, to help start new UU congregations, or for innovative UU worship services off site.

Appendix C: Instructions for Donating Securities

1. Gifts of stock to non-profit organizations provide a way to leverage the value of securities held for more than one year. At the time of the donation the donor can get a tax deduction equal to the fair market value of the stock.
2. Please notify the office of Kuhn Advisors (Anne Baber) of what is being donated so it can be associated with the correct donor when the security arrives into the relevant account.
3. For transfers of appreciated securities to ERUUF: Stocks and mutual fund shares should be delivered via DTC Clearing 0164, Code 40 to Charles Schwab & Company, Inc. for account of Eno River Unitarian Universalist Fellowship A/C 1557-2914.
4. For transfers of appreciated securities to the Foundation: Stocks and mutual fund shares should be delivered via DTC Clearing 0164, Code 40 to Charles Schwab & Company, Inc. for account of Eno River Fellowship Foundation A/C 7151-1306.

   Note: When giving Fidelity mutual fund shares, which generally cannot be accepted by Schwab, please contact Kuhn Advisors (919-493-3233) for the specific Fidelity instructions. ERUUF has an account which exists solely for the purpose of receiving gifted Fidelity shares.
   Questions: Mark Kuhn (mark3233@aol.com) Sheng Yang (bookkeeper@eruuf.org)

Change History:

The original Gift Acceptance Policy was written in 2018 to replace the Tangible Gifts Policy. It was developed with input from the Board Finance Advisory Committee, the Foundation Investment Committee, and an external financial consultant. It was approved by the ERUUF Board of Trustees, the ERUUF coordinating team, and the Foundation Board of Directors in October, 2018. This policy replaced the Tangible Gifts Policy.

First revision: Minor changes approved by the Board of Trustees on 4/16/24.
Second revision: Approval requirements and other changes made. Approved by the ERUUF coordinating team, the Foundation Board of Directors and the ERUUF Board of Trustees in October & November, 2024.