Denver Seminary
Policy Manual

POLICY NAME: Gift Acceptance Policy and Guidelines

Purpose:
Denver Seminary, hereinafter referred to as the "Seminary," is a private, not-for-profit entity organized under the laws of the state of Colorado. The Seminary encourages the cultivation, solicitation, and acceptance of gifts that will help the Seminary in the furtherance of its mission according to this Gift Acceptance Policy and Guidelines.

The Seminary's Board of Trustees and staff procure current and deferred gifts from individuals, corporations, foundations, and other private entities to secure financial support for growth and to fulfill the mission of the Seminary. The purpose of this policy is to define the practices governing the solicitation and acceptance of gifts by the Seminary and to provide guidance to prospective donors and their advisors when making gifts to the Seminary, in order to facilitate the gift-giving process.

The interests of prospective donors shall be a primary consideration with respect to any gift to the Seminary. Seminary representatives will not pressure donors to make agreements or support causes outside of their charitable motivation and interests. All prospective planned giving donors will be encouraged to consult their own legal and financial counsel regarding applicable laws, including the tax implications of a current gift as well as matters related to estate planning.

The Seminary will accept unrestricted gifts as well as restricted gifts for specific programs and purposes provided that such gifts are consistent with the Seminary's stated mission and do not violate the terms of its governing documents or this policy.

Scope:
This policy applies to all gifts and contributions given to Denver Seminary.

General Policy and Procedures:

Biblical Foundation
Scripture provides the foundation for God's mission through Denver Seminary. It also provides direction for Seminary staff and trustees to invite people to pray, serve, and give as partners in ministry.

1. God owns and sustains everything (Ps. 24:1).
2. Christians are stewards of spiritual gifts and material goods (1 Cor. 4:1-4).
3. Spiritual gifts are to be used to edify the Church and glorify God (1 Cor. 12:1-11).
4. Goods are to be given back to God, shared with others, and enjoyed by all (1 Tim. 6:17-19).
5. Leaders must model contentment, generosity, and dependence upon God for provision (1 Tim. 6:6-10).
6. Generosity in giving is a virtue that stems from spiritual growth and is inspired by Christ's sacrificial giving of himself. (2 Cor. 8:7).

7. Generosity flows from transformed hearts as believers are conformed to the image of Christ (Luke 7:36-50).

Based on these biblical principles, which specifically relate to financial giving, the Seminary invites alumni, friends, supporters, and other constituents to participate in God's mission at the Seminary through generous giving. The Seminary provides transparency, accountability, and excellence in the administration of constituents' gifts.

Gift Acceptance Leadership Team

The Gift Acceptance Leadership Team (GALT) shall consist of three members of the Executive Leadership Council including:

- The President
- The Vice President of Finance
- The Vice President of Advancement

The GALT will provide direction and oversight for the acceptance of certain gifts, including but not limited to those involving unusual funding arrangements, as described within this policy statement. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the GALT, with board approval as the GALT deems necessary.

The GALT shall convene with all members present, when possible. If unable to meet in person, the GALT may make determinations via video conference (e.g., Zoom), conference call, or email discussion. The types of gifts which will be referred to the GALT include, but are not limited to, the following:

- Gifts requiring unusual funding arrangements or other commitments.
- Gifts of intangible or unusual tangible personal property, including vehicles.
- Gifts of non-publicly traded securities.
- Gifts of partnership interests and other non-traditional investments.
- Gifts of real estate as defined further in this policy statement.
- Charitable gift annuity contracts with provisions that recommend exceptions to this policy, charitable remainder trusts, and charitable lead trusts as defined further in this policy statement.
- Gifts with special restrictions that may be difficult or costly to administer.
- Any gifts that are exceptions to existing guidelines or which fall outside the definition of acceptable gifts as defined by this policy statement.

Giving Options

Current Giving—A current gift involves the transfer of money or property by a donor to the Seminary without the donor receiving an economic benefit or other consideration from the Seminary in return for making the gift. Such gifts are placed at the immediate disposal of Denver Seminary and may be either restricted or unrestricted in purpose. Restricted gifts are those given by a donor to a designated project account. Unrestricted gifts allow the Seminary to place the gift where most needed. Most gifts to the Seminary will be in the form of cash gifts. All gifts, including cash and publicly traded securities, must comply with the provisions and guidelines contained within this policy.

Corporate Matching Programs. A gift of cash or securities may be increased through a corporate matching program. The Seminary will pursue such opportunities through communication with constituents.

Endowment Giving – Gifts directed for endowment will be held in perpetuity or for a term of years, if so specified, in accordance with the gift agreement and governed by separate guidelines and applicable laws for the investment and administration of endowed funds. Permanent endowments provide funding solely on the earnings of the endowment. Term endowments provide funding through combined earnings and principle, based on the specified length of the term.

Planned Giving – Denver Seminary's planned giving program serves alumni, friends, supporters, and other constituents of the institution by:

- Providing creative ways of enabling donors to make larger, more impactful gifts than they could through an outright gift of cash.
- Encouraging future gifts for the Seminary's long-term sustainability.
- Offering opportunities for constituents to make gifts generating payments to the donor during their lifetime and a future benefit for the Seminary.
- Offering opportunities for constituents to make gifts generating payments to the Seminary during their lifetime (or a set period) and a future benefit to the donor or donor family.
- Encouraging donors to include the Seminary in their comprehensive financial and estate planning, thereby taking advantage of lifetime and testamentary gift opportunities available under existing tax laws.

Some planned gifts, such as charitable trusts and gift annuity agreements, involve irrevocable transfers of assets in exchange for a stream of payments made to a designated beneficiary such as the donor. Such gifts are governed by provisions in the Internal Revenue Code and accompanying regulations. The Seminary will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to such gifts and the resulting tax and estate planning consequences. Donors making revocable or irrevocable gifts or estate bequests, to be received by the Seminary in the future, will be counted in the Seminary's legacy program.

Gift Restrictions –
Any new fund agreement, established between the Seminary and a donor, which restricts the use of funding for a particular purpose must be put in writing within one year of the receipt of the gift. This applies to gifts made available for current use, directed to an endowment, or where the Seminary's use is delayed as in the case of a charitable gift annuity. The Seminary reserves the right to immediately liquidate gifts of assets.

Types of Acceptable Gifts

The following types of gifts are acceptable, and the acceptance gifts are governed by the following criteria:

1. *Cash*—Cash is acceptable in the form of currency, money orders, checks, electronic transfers, wire transfers, or other financial technology applications. Checks should be made payable to "Denver Seminary." As a general practice, the gift date for cash and check donations is the date these gifts are entered into the gift log. However, at the calendar year-end, the Seminary recognizes the postmark date as the gift date for receipting purposes. The transaction date shall be the gift date for all credit card transactions.

2. *Tangible personal property*—Tangible personal property is property (physical movable property) other than real property (immovable property), which is often defined as property that can be touched. Gifts of vehicles are to be directed to the Seminary, or to a legally separate entity, wholly owned by the Seminary, established primarily to accept gifts of vehicles for the benefit of the Seminary. If the Seminary intends to sell a gift immediately rather than use it, the donor will be informed that IRS rules limit the amount of the charitable deduction to the lower of the donor's cost basis or the amount received upon sale by the Seminary, and the donor will be advised to seek professional financial counsel on the tax consequences of such a donation. Only the GALT can approve an agreement to hold property for a specified period. An independent appraisal is required for any gifts for which the donor estimates the fair market value to be $5,000 or more. An independent inspection may also be required for unusual items such as planes, boats, or other extraordinary items. Extraordinary gifts of tangible personal property will be referred to the GALT, which will consider the following factors in reviewing such gifts for acceptance:
    - Does the property further the mission and purposes of the Seminary?
    - Is the property marketable or can it be used by the Seminary in furtherance of the Seminary's purposes and mission?
    - Are there any restrictions on the use, display, or sale of the property?
    - Are there any carrying costs, possible adverse legal consequences, or potential liabilities associated with ownership of the property?

3. *Securities*—The Seminary accepts both publicly traded securities and closely-held securities under the conditions described below:

    - *Publicly traded securities*—These securities are regularly traded on a public stock exchange. It is preferred that donors notify the advancement office and then electronically transfer marketable securities directly to one of the Seminary's brokerage accounts. Transfers made directly to the brokerage account can be liquidated almost immediately and with little additional paperwork required from donors. It is the Seminary's general practice to sell all marketable securities on receipt. However, the securities may be retained until such time as the GALT deems financially advantageous. The value of the gift to the Seminary is determined by the Seminary based on the average market price on the date of the donation. Acknowledgment letters provide the donor with only the high and low prices on the day the stock was transferred to the Seminary

- *Restricted securities* - Those securities which are determined to be restricted by applicable securities laws will be reviewed by the CFO in consultation with the Finance Committee/Investment Committee, Investment advisors, or legal counsel if deemed necessary. If the restrictions are deemed to be unreasonable, the Finance Committee or Investment Committee may decline the proposed gift.
- *Closely-held securities*—Acceptance of closely-held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership funds, must be approved by the GALT and the Finance Committee or Investment Committee, with the following factors to be considered: any restrictions on the security that would prevent its conversion to cash, the marketability of the security, and the potential for other undesirable consequences for the Seminary.

4. *Real estate*—Gifts of real estate (immovable property) include developed property and undeveloped property, as well as interests in such property. Real estate gifts are to be directed to the Seminary, or to a legally separate entity wholly owned by the Seminary established primarily to accept gifts of real estate for the benefit of the Seminary. Prior to acceptance of real estate, an independent appraisal of the property's fair market value will be completed, and a Phase I environmental study will be done to ensure the property has no environmental risks or issues that would expose the Seminary to unacceptable liability. As deemed necessary, legal counsel shall issue a written opinion regarding the acceptance of the proposed real estate donation for final review and acceptance by the GALT, subject to final approval by the board.

   Factors to be considered in acceptance of the property shall include the following: usefulness of the property for the purposes of the Seminary; marketability of the property, relative to its condition; any restrictions, reservations, easements, or other limitations associated with the property; carrying costs, such as insurance, property taxes (taking into account that the Seminary is not eligible for any homestead exemption), mortgages, or notes associated with the property; the results of the environmental study report, and any potential liability for cleanup or restoration of the property that may be imposed under current law to a transferee.

5. *Remainder interests in property or Retained Life Estate Gift (RLE)*—The Seminary will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions regarding the acceptance of real estate outlined previously in this policy document. The donor or other named beneficiary may continue to occupy the real property for the duration of the stated life or the term of the agreement. Expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life beneficiary. At the death of the donor or life beneficiary, as applicable, the Seminary may use the property or reduce it to cash. All procedures for evaluating proposed gifts of real property, outlined elsewhere in this document, apply to

proposed RLEs as well. Donors are strongly encouraged to have all documents related to a proposed RLE reviewed by their own legal counsel.

6. *Oil, gas and mineral interests*—The Seminary may accept such interests upon review and recommendation of the GALT. Factors to be considered in a review of the proposed donation include any extended liabilities or other considerations that make receipt of the gift inappropriate, such as whether the proposed gift is a working interest, or if there is any current or potential exposure to environmental liability or cleanup or restoration obligations under applicable law.

7. *Bargain sales*—The Seminary will enter a bargain sale arrangement only when the bargain sale furthers the mission and purposes of the Seminary. A bargain sale is a sale of property by a donor to the Seminary for less than its fair market value. All bargain sales must be reviewed by the GALT and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include the following: the results of an independent appraisal, obtained at the donor's expense, substantiating the value of the property; whether the Seminary will assume any debt with the property; the marketability of the property for sale within 12 months of receipt; and potential carrying costs associated with the property during the holding period prior to sale.

8. *Life insurance policies and beneficiary designations* —The Seminary may be named revocably as a beneficiary of life insurance policies, or irrevocably as owner and beneficiary of life insurance policies. These include, but are not limited to, whole life, term life, universal life, indexed universal life, and variable life insurance policies. The Seminary must be named both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift, in which case the gift shall be valued at its interpolated terminal reserve value on the date of receipt. Should the donor contribute future premium payments, the Seminary will include the entire amount of the additional premium payment as a gift in the year the payment is made. If the donor elects not to continue to make gifts to cover premium payments on the life insurance policy, the GALT shall decide whether to continue to pay the premiums, convert the policy to paid-up insurance, or surrender the policy for its current cash value. No insurance products and no insurance companies or agents are endorsed by the Seminary for use in funding gifts to the Seminary. The Seminary does not furnish donors' names to third parties for the purpose of marketing life insurance to donors or for any other marketing purposes.

9. *Charitable Gift Annuities*—A charitable gift annuity (CGA) is a contractual arrangement between a donor and the Seminary for which the Seminary accepts a transfer of cash, cash equivalents, or publicly-traded securities from the donor in return for periodic payments to the donor and/or another named beneficiary for life. Upon the death of the donor (and/or, if applicable, the other named beneficiary), the balance of the principal is retained by the Seminary. A portion of the annuity payments may be treated as a tax-free return of principal for income tax purposes. Donors who fund a CGA qualify for a partial income tax deduction. Donors will be advised to seek legal and financial counsel regarding tax deductibility and applicable matters. The annuity is secured by all the Seminary's assets, and the rate of return used by the Seminary and stated in the annuity

contract is determined from tables provided by the *American Council on Gift Annuities*. The rates in these tables take into account the age of the donor and/or beneficiary at the time of the gift and are actuarially calculated to provide that approximately fifty percent (50%) of the original value of each gift will remain at the death of the last annuitant. The Seminary may enter CGA contracts with minimum funding of $20,000 and minimum age for annuitants of 60, or age 50 for deferred annuity contracts at the time the contract is funded.

Exceptions to minimum requirements require approval of the GALT. No more than two annuitants will be permitted for any gift annuity. Gifts of real estate, personal property, or any other illiquid asset in exchange for any charitable gift annuity must be approved by the GALT. The annuity rates published by the *American Council on Gift Annuities* will be the maximum annuity rates offered by the Seminary. Upon the death of the last surviving annuitant, the funds representing the remaining principal contributed in exchange for the gift annuity will be directed to the purpose specified by the donor; or, if no such purpose is specified, the remaining principal shall become available for the unrestricted use of the Seminary. Gift annuity contracts are governed by the laws of the state in which the donor resides.

The Seminary reserves the right to reject any annuity contract proposals from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required.

10. *Charitable Remainder Trusts Beneficiary Designations*—The Seminary accepts designation as a remainder beneficiary of charitable remainder trusts. A charitable remainder trust (CRT) is an irrevocable trust created during the life of the donor, through the donor's will, or trust (a testamentary CRT). The CRT must provide that a specified amount (not less than 5%) of the trust's value is paid to one or more beneficiaries on an annual or more frequent basis.

    There are two alternatives for CRTs. One is a *unitrust (CRUT),* which pays a fixed percentage of trust assets (not less than 5%) determined annually. The other is an *annuity trust (CRAT)*, which pays a fixed amount and requires that an amount not less than 5% of the initial fair market value of trust assets be paid at least annually to the named income beneficiary or beneficiaries.

    - *Charitable Remainder Unitrust (CRUT)*—The primary feature of a CRUT is that it makes payments equal to a set percentage of the fair market value of the assets of the trust, valued annually, to one or more specified beneficiaries. The percentage is determined by the donor at the time the trust is created, is stated in the trust, and is irrevocable. Unitrust payments are funded from income and, if necessary, principal. Alternately, the trust document may limit unitrust payments to the trust's net income. The trust term may be for one or more lives or a specified term of years. Upon termination of the trust, the trust assets pass to the specified charitable remainder beneficiary(ies). Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death.

- *Charitable Remainder Annuity Trust (CRAT)*—This type of trust shares many common features with the unitrust, the primary difference being the manner used to calculate the payment to the income beneficiary. The unitrust provides for a payout that varies with each annual valuation; however, the annuity trust provides for fixed payments based upon the fair market value on the date the trust is established. Another difference is that additional contributions cannot be made to an annuity trust. With a CRAT, the donor irrevocably transfers assets to the trust, and the trustee pays the donor, or the specified beneficiaries, a fixed dollar amount annually for life or for a predetermined term not to exceed twenty (20) years. This payout must equal at least five percent (5%) of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to the principal. If the income in any one year is less than the annual payment, the difference comes from the principal.

11. *Charitable Lead Trusts Beneficiary Designations*—The Seminary may accept designation as the income beneficiary of a charitable lead trust. A charitable lead trust is similar to a charitable remainder trust, although the payments made by the trust during its term are made to one or more qualified charities, with the principal passing to the donor or other designated beneficiary(ies) upon the trust's termination. The Seminary will encourage prospective donors interested in a charitable lead trust to seek counsel from an independent legal or tax-planning professional. In general, the Seminary will not accept appointment as a trustee of a charitable lead trust. Exceptions can only be granted by the GALT, after a thorough review of the circumstances.
    - *Charitable Lead Unitrust (CLUT)* – This type of trust is a custom-designed and individually managed trust that enables an individual to give a variable annual amount to charity for a fixed term of years or the life of one or more individuals. The charities receive a percentage of the trust's value each year. This means the benefits will fluctuate based on the trust's investment returns or losses. Payments are determined by recalculating the payment each pay period.
    - *Charitable Lead Annuity Trust (CLAT)* – This type of trust requires that the lead interest be fixed as a dollar amount or percentage of the initial contribution.

12. *Retirement Plan Beneficiary Designations*—Donors of the Seminary will be encouraged to name the Seminary as a beneficiary of their retirement plans, including Individual Retirement Accounts (IRAs), 401ks, 403bs, qualified pensions, profit-sharing plans, and any other types of qualifying retirement plans. Donors may designate the Seminary as a beneficiary of retirement plan assets by signing and filing a beneficiary designation form with the administrator of the retirement plan. Donors may be required to make their spouse the primary beneficiary, in which case the Seminary may be designated as secondary or contingent beneficiary or the primary beneficiary with spousal written consent. Such designations will be recorded as gifts to the Seminary at such time that they become irrevocable. When the receipt of funds is not due until a future date, the present value of the expected cash inflow of beneficiary funds is recorded as a gift at the time the designation becomes irrevocable.

13. *Bequests*—A bequest is a gift of cash, property, or other asset made in a donor's will or living trust. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible property, or a percentage of the residual of the estate. Donors of the Seminary will be encouraged to make bequests to the Seminary in their wills and trusts. The donors will be advised to use "Denver Seminary" as the legal name of the Seminary with respect to any bequest provisions. Bequests may be given as unrestricted gifts or gifts restricted to a purpose or program designated by the donor. Donors may also establish, by bequest, a testamentary charitable remainder trust or unitrust, or charitable gift annuity. The bequest can be arranged to provide a life income for a designated beneficiary or beneficiaries. If such a gift is made by will, the principal will pass to the Seminary only after the death of the life income beneficiary or beneficiaries.

14. *Other Property*—Property not otherwise described above, whether real or personal, of any type (including copyrights, trademarks, royalties, water rights, servitudes, easements, or other incorporeal rights) may be accepted only after review and approval by the GALT and in certain cases, approval by the Board of Trustees.

15. *Virtual Currencies* –Virtual currencies are asset-based gifts that the Seminary may choose to receive. The Seminary will work through a partnering organization to accept and liquidate the assets. Prior to the acceptance of any virtual currency gift of $5,000 and over, an independent appraisal of the currency's fair market value will be completed. Virtual currencies may include but are not limited to bitcoin, NFTs (non-fungible tokens), and other digital currencies.

Use of Legal Counsel

The Seminary shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. Such matters include, but are not limited to, the following:

- Closely held stock transfers that are subject to restrictions, buy-sell agreements, or other arrangements that limit the marketability of the securities.
- Arrangements and documents pertaining to such arrangements where the Seminary is named as Trustee.
- Gifts involving bargain sales or documents requiring the Seminary to take or refrain from taking some action or assume an obligation.
- Transactions with potential conflicts of interest that may invoke IRS or other legal sanctions.

Campaign Counting and Reporting

The GALT will consult the Council for Advancement and Support of Education (CASE) recommendations for campaign counting and reporting. These standards may be used as a guideline for making decisions concerning the counting and reporting of both revocable and irrevocable deferred gifts.

Miscellaneous Provisions

It will be the responsibility of the donor to engage the advice of independent legal and financial counsel for all gifts made to the Seminary. In situations where advisors retained by the Seminary prepare documents or render advice in any form to the Seminary and a donor, it shall be disclosed in writing to the donor that the professional involved is in the employ of the Seminary and is not acting on behalf of the donor. The donor should be made aware in writing that any legal advice provided to the Seminary was made to the Seminary as the client and that the donor is not the client of the advising attorney. The donor should be advised and encouraged to retain his or her own attorney for legal advice. Any documents or advice provided to the donor from the Seminary may be reviewed by the legal counsel of the donor prior to completion of the gift. Privileged legal communication to the Seminary from its legal counsel will not be provided to the donor or his or her legal counsel.

The Seminary's Advancement Office produces materials such as ***the Creative Giving Guide***, to educate and inform prospective donors and their advisors about the various forms of giving. The Seminary pays no fees or commissions of any kind to any party as consideration for directing a gift to the Seminary, nor does the Seminary endorse any professional or fiduciary services.

The Vice President of Finance is authorized to sign IRS Form 8283 acknowledging receipt of non-cash gifts of $5,000 or more for which a qualified, independent appraisal has been obtained. The Seminary will file IRS Form 8282 in the event of the sale or disposition of the donated property within three years of the date of the gift. The Vice President of Finance of the Seminary will also be responsible for filing the required IRS Form 8282 upon the sale or disposition of any such property sold or otherwise disposed of within three years of receipt by the Seminary and for which the Seminary signed IRS Form 8283 acknowledging receipt of the gift. It is understood that the Seminary must file this form within 125 days of the date of sale or disposition of the asset.

Revisions to Gift Acceptance Policy

This policy has been reviewed and approved by the Seminary Executive Leadership Counsel. Except as otherwise stated within this policy, the GALT must approve any exceptions to policy provisions. The GALT will periodically review this policy and make recommendations for revisions to the Board of Trustees. Any change to this written policy requires approval of the Board of Trustees.

Issued By:	**Advancement**
Approved By:	**Board of Trustees**
Approval Date:	**6/2/2022**
Latest Revision:	**5/10/2022**
Required Review (Year):	**2027**