

**Congregation Beth El of Montgomery County
Support Foundation, Inc.
Gift Acceptance and Usage Policy
Effective as of June 1, 2016**

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I. Purpose of Gift Acceptance and Usage Policy

1. The Bylaws of the Congregation Beth El of Montgomery County Support Foundation, Inc. (the "Support Foundation") authorize the Board of Directors (the "Directors") of the Support Foundation to modify (by an affirmative vote of at least eighty percent (80%) of the Directors and at least eighty percent (80%) of the voting members of the Board of Directors of Congregation Beth El of Montgomery County ("Beth El")) the guidelines for the acceptance and usage of Gifts to the Support Foundation.
2. The purpose of this Gift Acceptance and Usage Policy ("Policy") is to govern the acceptance and usage of Gifts offered to the Support Foundation by means of a Planned Gift or transfers made directly to the Support Foundation. This governance is achieved through the policies and procedures set forth herein and shall be administered by the Directors.
3. This Policy provides guidance to donors and their advisors with respect to making Gifts to the Support Foundation.
4. This Policy is intended to protect the interests of the Support Foundation.
5. To the extent this Policy is in conflict with the Articles of Incorporation or Bylaws of the Support Foundation, the provisions of this Policy shall prevail.

II. Definitions

1. **Appraisal** -- A determination of the Fair Market Value of a Gift by a qualified independent appraiser in accordance with Internal Revenue Code ("IRC") section 170 and related regulations, or any law or regulation that supersedes those rules.
2. **Endowment Fund** -- A fund, known as the "Endowment Fund of the Support Foundation" which may include both Restricted funds and Unrestricted funds, and may be segregated into one or more accounts.
3. **Fair Market Value** -- The value assigned to a Gift for tax reporting purposes shall be determined in accordance with Internal Revenue Service ("IRS") Publication 561 ("What is Fair Market Value") or any such authoritative document that supersedes or replaces that document. Value assigned to a Gift for financial statement reporting purposes shall be determined in accordance with generally accepted accounting principles.
4. **Gift** -- A voluntary, gratuitous transfer of assets from a person or an organization to the Support Foundation by means of a Planned Gift or transfers made directly to the Support Foundation, where in return no goods or services are expected, implied or forthcoming for the donor. A Gift may be either Unrestricted or Restricted.
5. **Non-Readily Marketable Securities** -- Any securities that are not Readily Marketable Securities.
6. **Planned Gift** -- Any Gift that is provided for by the donor by means of a deferred giving

arrangement or upon death and is authorized under Section V.7 below.

7. **Readily Marketable Securities** -- Publicly-traded securities that have market quotations readily available and are not restricted from immediate sale.
8. **Restricted** – A Gift or fund that meets the requirements set forth in Section VII.2 below and includes a donor-imposed restriction, either permanent or temporary, that stipulates all or some of the principal and/or future earnings of the Gift or fund be used for specific programs, needs or purposes of Beth El.
9. **Unrestricted** – A Gift or fund that has no restrictions on the use of the principal and/or future earnings from the Gift or fund although it may designate a specific term or schedule for distribution of all principal and income. Any Gift, regardless of size, which has no specifically designated use shall be deemed an Unrestricted Gift.

III. General Policies

1. The Support Foundation may accept Gifts for the general benefit of Beth El and will use such Gifts in accordance with Section IX below, primarily to enhance the spiritual, educational and communal life of the members of Beth El, as well as to fund capital expenditures and supplement the operating budget of Beth El where appropriate.
2. The Support Foundation shall not pay a finder's fee for any Gift or as a condition to receiving a Gift.
3. The Directors shall have the authority to accept or decline any Gift, other than cash or Readily Marketable Securities.
4. Once the Directors have accepted a Gift, it becomes the property of the Support Foundation and the donor ceases to have any rights with respect to the Gift assets or its disposition unless it is a Charitable Trust for which the donor specifically retains a continuing interest or rights.
5. Neither the Support Foundation nor the Directors shall provide legal or tax advice on Gift transactions. Accordingly, donors shall be strongly encouraged to have all applicable documentation, as well as any Planned Gift agreements, reviewed by their legal and financial advisors.

IV. Valuation of Gifts

1. All Gifts shall be valued for the Support Foundation's books at their Fair Market Value except as otherwise specifically provided herein. For purposes of recognition of Gifts by the Support Foundation, Gifts shall be valued at their Fair Market Value unless otherwise determined by the Directors.
2. The Support Foundation shall not be required to appraise or establish the Fair Market Value of any Gift on behalf of any donor. At the request of the donor, the Support Foundation may assist the donor in finding a suitable professional appraiser.
3. The donor shall be responsible for the cost of any Appraisal, title searches, inspections or other

actions required to establish the Fair Market Value, ownership and suitability of acceptance of a Gift, unless the Directors determine the Support Foundation shall bear those costs.

V. Types of Permissible Gifts

1. Cash

2. Readily Marketable Securities

Readily Marketable Securities will generally be sold upon receipt.

3. Non-Readily Marketable Securities

Gifts of Non-Readily Marketable Securities will be accepted, in the judgment of the Directors, subject to the following conditions: the securities will be carried on the Support Foundation's books at a nominal value of one dollar (\$1.00) unless the Directors are provided with an Appraisal or other verification of Fair Market Value that is acceptable to the Directors, in which case, the securities will be carried on the Support Foundation's books at such Fair Market Value.

4. Real Property

Gifts of real property will be accepted, in the reasonable judgment of the Directors, subject to the following conditions:

- a) All Gifts of real property are required to have an Appraisal which should have been completed within one-hundred twenty (120) days of the date of the Gift unless otherwise approved by the Directors.
- b) Unless specifically waived by the Directors, Gifts of real property shall be accompanied by an Appraisal and a title report, survey, physical inspection report and Phase I environmental audit (all provided at the donor's expense unless the Directors determine the Support Foundation should bear the expense), acceptable to the Directors.
- c) The Directors shall determine the acceptability of a Gift of mortgaged property on a case-by-case basis.
- d) The Support Foundation reserves the right to retain or sell any real property in a time frame and manner as the Directors determine.

This Real Property section shall not apply to cemetery plots gifted to the Support Foundation.

5. Personal Property

- a) Gifts of personal property (including but not limited to art, collectibles, vehicles, furniture and cemetery plots) will be accepted, in the judgment of the Directors, subject to the following conditions: the Gift will be carried on the Support Foundation's books at a

nominal value of one dollar (\$1.00) unless the Directors are provided with an Appraisal or other verification of Fair Market Value that is acceptable to the Directors in which case, the personal property will be carried on the Support Foundation's books at such Fair Market Value.

b) The Support Foundation reserves the right to retain or sell any personal property in a time frame and manner as the Directors determine.

6. Unique or Restricted Gifts Not Covered Above

Any such Gifts will be addressed on a case-by-case basis by the Directors.

7. Planned Gifts

a) **Charitable Trust (Remainder, Lead)** -- A Charitable Trust shall be subject to the following rules:

- 1). The donor should be strongly encouraged to select a trustee other than the Support Foundation. However, if the donor requests the Support Foundation to act as trustee, the Directors may authorize the Support Foundation to act as trustee, but only under the following conditions: (i) the initial funding of the trust is at least one hundred thousand dollars (\$100,000.00), (ii) if the trust is a charitable lead or remainder trust, the Support Foundation is a beneficiary of the Charitable Trust for at least seventy-five percent (75%) of the Charitable Trust's income or remainder interest, and (iii) the donor provides the Support Foundation with an indemnification satisfactory to the Directors.
- 2). Each Charitable Trust shall be responsible for its own expenses. Payments will be made in accordance with the terms of the Charitable Trust document.
- 3). Accountings will be provided to beneficiaries in compliance with Internal Revenue Service requirements.

b) **Life Insurance Contracts** -- The Directors may accept a life insurance policy as a Gift, subject to the following conditions:

- 1) Acceptable types of policies include:
 - (i). A whole life or endowment insurance policy;
 - (ii). A universal life insurance policy;
 - (iii). A variable whole life insurance policy;
 - (iv). A variable universal life insurance policy; or
 - (v). A term life insurance policy.
- 2) The Directors will only accept a life insurance policy as a Gift if the policy is:
 - (i). Paid up; or

- (ii). Sustainable by accrued and future dividends generated by the policy; or
 - (iii). In the case of a universal life policy, the cash value will sustain the policy until the maturity date at the guaranteed interest rate, cost of insurance rate and expense rate; or
 - (iv). If the donor agrees in writing to make future Gifts to the Support Foundation equal to or exceeding the policy's annual premium until the policy matures or is otherwise disposed of.
- 3). To complete the Gift of a life insurance policy, the policy owner shall execute the appropriate forms from the insurance company transferring ownership of the policy to the Support Foundation and naming the Support Foundation as the beneficiary of the policy.
- 4). The value of the life insurance policy for the Support Foundation's books will be determined as of the date the transfer of ownership and change of beneficiary are recorded by the insurance company. For the purposes of determining the value of the Gift, the life insurance policy's value is the interpolated terminal reserve as supplied by the insurance company that issued the policy. In addition, if the donor agrees in writing to make future Gifts equal to or exceeding the policy's annual premium until the policy matures, then the anticipated premiums paid until life expectancy, discounted at the appropriate applicable federal rate, will also be used in determining the value of the Gift.
- c) **Gift Annuities** – The Directors may accept gift annuities provided they are actuarially sound.
- d) **Other Types of Planned Gifts** – The Directors may accept other types of Planned Gifts including, but not limited to, bequests, remainder interests in property, retirement plan beneficiary designations and life insurance beneficiary designations.

VI. Standards for Declining Gifts

The Directors may decline any Gift for one or more of the following reasons:

1. The Gift is subject to conditions that are not consistent with the priorities, mission, values, objectives and financial resources of Beth El.
2. The Gift could financially jeopardize the Support Foundation.
3. The Gift or the conditions of the Gift are illegal.
4. The Support Foundation does not have sufficient resources to honor the terms of the Gift or the Gift will result in an unwarranted or unmanageable expense to the Support Foundation.
5. There are legal, physical or environmental issues or financial risks related to the Gift.

6. The Gift could improperly benefit any individual.
7. The Support Foundation is unable to or uninterested in meeting donor restrictions.
8. The cost to the Support Foundation of maintaining the Gift, disposing of the property or meeting the restrictions placed on the Gift by the donor is excessive.
9. The Gift is inconsistent with the tax-exempt purposes of the Support Foundation.
10. The Gift may result in inappropriate or undesirable publicity.
11. The Directors determine any other reason that acceptance of the Gift is not in the best interests of the Support Foundation or Beth El.

VII. Gift Restrictions and Named Gifts

1. Except as set forth in Paragraph VII.2 below, Restricted Gifts will be reserved for that specific purpose in keeping with the wishes of the donor, provided the specific purpose is consistent with the priorities, mission, values, objectives, and financial resources of Beth El. In the event the restricted purpose of a Gift, as initially established and accepted, is no longer valid or relevant, as determined by the Directors, the Directors shall have the power to modify such restriction to provide for a use as similar or related to the intended purpose of the original Gift as the Directors determine is reasonable and feasible under the circumstances. Such action by the Directors shall be taken only to the extent allowed by applicable law and after reasonable efforts are made to seek permission from the donor to modify the restriction. The Support Foundation shall communicate any such modification to the donor if feasible. All Restricted Gifts should be accompanied by a written Gift agreement between the donor and the Support Foundation specifying the terms and conditions of the Restricted Gift.
2. Gifts with a Fair Market Value of fifty thousand dollars (\$50,000.00) or more may be Restricted. Except as otherwise provided herein, Gifts with a Fair Market Value of less than fifty thousand dollars (\$50,000.00) may not be Restricted and may be used for any purpose the Directors deem appropriate, including for allocation to the Unrestricted Endowment Fund or for funding of annual operating costs or capital expenditures of Beth El. Gifts with a Fair Market Value of less than fifty thousand dollars (\$50,000.00) may be designated by the donor to an already existing Restricted Endowment Fund. Gifts of twenty-five thousand dollars (\$25,000.00) or more but less than fifty thousand dollars (\$50,000.00) may be designated by the Directors to a new Restricted Endowment Fund provided the donor provides reasonable assurance to the Directors that the balance of the new Restricted Endowment Fund will be increased to at least fifty thousand dollars (\$50,000.00) within at least five (5) years of the initial contribution and, provided further, no distributions are made from the new Restricted Endowment Fund until the fund balance is at least fifty thousand dollars (\$50,000.00). If the new Restricted Endowment Fund does not have a balance of at least fifty thousand dollars (\$50,000.00) within at least five (5) years, the Directors may transfer the funds into the Unrestricted Endowment Fund.
3. Gifts with a Fair Market Value of twenty-five thousand dollars (\$25,000.00) or more,

whether Restricted or Unrestricted, may be designated as a named fund in the name of the donor or in honor or memory of another person designated by the donor. Multiple donors may combine Gifts to meet the naming threshold.

VIII. Procedures for Processing Gifts

Any cash or non-cash Gift, including a gift-in-kind, received by the Support Foundation shall be appropriately processed by the Support Foundation, which shall include acknowledgments and recognition in accordance with the practices established by the Directors and in accordance with all applicable law. Copies of all related correspondence, gift documentation, and a complete description of the Gift, the date received, and the estimated Fair Market Value shall be maintained by the Support Foundation.

IX. Policies for Usage of Gifts

1. The Directors shall be responsible for administering the use and application of the whole or any part of the income and principal of Endowment Funds exclusively for the benefit and support of Beth El and the activities which it conducts, supports or sponsors.
2. On or before April 30th of each year, and in accordance with the spending policy set forth in Sections IX.3 and IX.4 below, the Directors shall distribute a portion of the Unrestricted funds in the Endowment Fund to the annual operating account or for a capital campaign or for specific programs, needs or other purposes of Beth El and the Directors shall distribute a portion of the Restricted funds in the Endowment Fund for the specifically designated programs, needs or purposes of Beth El stipulated by the donors. The Directors shall determine the value of the Unrestricted and Restricted funds in the Endowment Fund for purposes of implementing the spending policy as of the end of the most recent calendar month (the "Valuation Date") for which valuation information is then available.
3. The annual spending policy for Unrestricted funds in the Endowment Fund shall be as follows:
 - a) Upon the effective date of this Policy and until five full fiscal years have elapsed, the annual spending policy for the Unrestricted funds in the Endowment Fund shall be as determined by the Directors, but shall not exceed five percent (5%) of the value of the Unrestricted funds in the Endowment Fund for the Valuation Dates which have elapsed since the effective date of this Policy.
 - b) Effective upon the completion of five full fiscal years since the effective date of this Policy, the annual spending policy for the Unrestricted funds in the Endowment Fund shall be as determined by the Directors, but shall not exceed five percent (5%) of the value of the Unrestricted funds in the Endowment Fund for the past five Valuation Dates. By way of example:

Valuation Date 2015 Unrestricted Endowment Fund Value: \$400,000

Valuation Date 2016 Unrestricted Endowment Fund Value: \$500,000

Valuation Date 2017 Unrestricted Endowment Fund Value: \$600,000
Valuation Date 2018 Unrestricted Endowment Fund Value: \$700,000
Valuation Date 2019 Unrestricted Endowment Fund Value: \$800,000

Unrestricted funds available for distribution from the Endowment Fund as of April 30, 2019 would be determined by the Directors, but shall not exceed \$30,000, to wit:

$(\$400,000 + \$500,000 + \$600,000 + \$700,000 + \$800,000 = \$3,000,000 / 5 = \$600,000 \times .05 = \$30,000)$

- c) Notwithstanding the foregoing, the Directors shall distribute Unrestricted funds in excess of the spending policy if such distribution is approved by eighty percent (80%) of the Directors and by eighty percent (80%) of the voting members of the Board of Directors of Beth El and if such distribution is required as a last resort to meet emergency or extraordinary and unanticipated needs of Beth El which threaten its continued viability as a synagogue.
4. Unless otherwise specifically designated by the donor, the annual spending policy for Restricted funds in the Endowment Fund shall be determined by the Directors, but shall not exceed five percent (5%) of the value of the Restricted funds in the Endowment Fund for the prior fiscal year. Income generated by the investment of Restricted funds and which is not spent in a fiscal year shall be added to the balance of the Restricted funds in the Endowment Fund, unless specifically designated otherwise by the donor.

X. Amendment of this Policy

From time to time, the Directors may amend this Policy by an affirmative vote of at least eighty percent (80%) of the Directors and at least eighty percent (80%) of the voting members of the Board of Directors of Beth El.

XI. Confidentiality

Gifts to the Endowment Fund shall be kept confidential unless disclosure is otherwise authorized by the donor, provided, however, the Support Foundation may include donors to the Endowment Fund in recognition events and publications and other recognition efforts unless otherwise specifically requested by the donor.