

Standard Operating Procedures for Acceptance of Gifts

Authority: Vice President for Institutional Advancement
Contact Info: Vice President for Institutional Advancement – (504) 816-8145
 Director of Development – (504) 816-8002

Effective Date: Issued: February, 16, 2022

PURPOSE

New Orleans Baptist Theological Seminary and Leavell College (Seminary) and its associated entities seek and value philanthropy to help support, maintain, and grow its dynamic faculty; recruit and retain talented students; and support and enrich its libraries, institutes, centers, and research capacity. (Any intended donation and any restrictions on its use must be approved and support the Seminary's mission and associated entities.)

The Seminary and its associated entities solicit, accept, distribute, and manage private gifts that benefit the functions of the Seminary. Institutional Advancement oversees the fundraising activities in concert with the associated entities on common goals to support Seminary initiatives.

Development Services oversees data management to ensure the accuracy and completeness of the gift records. Development Services is authorized to accept all gifts for the benefit of the Seminary in the form of cash, checks, electronic funds transfers, credit or debit card transactions, a gift in kind, and securities.

This operating procedure serves as the operational procedures necessary and is allowed under section 6 of Coordination of Fundraising Activities and Acceptance of Private Donations (Gifts)

GIFT ACCEPTANCE

Below are listed the policies and procedures for accepting gifts according to each type of gift. Please click the underlined hyperlinks to navigate to the section of your choice.

<u>Cash gifts</u>	p. 4	<u>Gifts of tangible and intangible personal property</u>	p. 10
<u>Pledges</u>	p. 5	<u>Gifts of real property (real estate)</u>	p. 11
<u>Publicly traded securities, mutual funds, and dividend reinvestment accounts</u>	p. 6	<u>Deferred gifts</u>	p. 16
<u>Non-Standard & Complex Asset gifts</u>	p. 7	<u>Noncash Charitable Contributions</u>	p. 19
<u>Employer-sponsored matching gifts</u>	p. 8	<u>Gift + other income (quid pro quo)</u>	p. 19
<u>Donor-Advised Funds and Community Foundations</u>	p. 8	<u>Miscellaneous gifts</u>	p. 19
<u>Sponsorships</u>	p. 9	<u>Definitions</u>	p.20

Please click one of the following hyperlinks to review the [supplemental information and exceptions](#).

<u>Gifts that warrant further review and approval</u>	p. 21	<u>Gifts from Seminary faculty and staff</u>	p. 22
<u>Seminary Cabinet</u>	p. 21	<u>Exception from Gift Assessment Fee</u>	p. 22
<u>Refunding of gifts</u>	p. 21		
<u>Discounts on materials and services</u>	p. 22		

INDEX OF ABBREVIATIONS

OGC	Office of General Counsel
OIA	Office for Institutional Advancement
D.S.	Development Services
OB&F	Office of Business and Finance
SOPGA	Standard Operating Procedures for Acceptance of Gifts
SAE	Seminary Associated Entity
SBF	Southern Baptist Foundation
TWA	TruWealth Advisors
V.P. of I.A.	Vice President for Institutional Advancement
AVP of B&F	Associate Vice President of Business & Finance
V.P. of B.A.	Vice President of Business Administration

FREQUENTLY ASKED QUESTIONS (FAQ) FOR NEW READERS

What is the SOPGAP?

The Standard Operating Procedures for Acceptance of Gifts (SOPGAP) document sets forth the Seminary's rules of engagement to accept charitable gifts received by the Seminary and SAE. The Seminary actively encourages the solicitation and acceptance of contributions that enable it to fulfill the mission of teaching, research, extension, and engagement. In addition, the Office for Institutional Advancement is to increase private giving in support of the Seminary's missions. Therefore, collect and maintain donor information on all gifts in keeping with the Donor Bill of Rights, follow IRS standards, and provide donors with the appropriate receipt for income tax filing purposes. The primary sources for this document are the standards and definitions provided by the Council for Advancement and Support of Education (CASE) in its *publication CASE Reporting Standards and Management Guidelines, 4th edition*, and Partnership on Philanthropic Planning in its publication guidelines for *Reporting and Counting Charitable Gifts, 2nd edition*.

Who is responsible for adhering to the SOPGAP policies and procedures?

All parties involved are responsible for accepting gifts in the manner outlined in the SOPGAP. In addition, all Seminary employees and its Seminary Associated Entities must adhere to the following procedures. Development Services will be responsible for reviewing and monitoring all gifts for appropriateness to ensure that Standard Operating Procedures and applicable policies have been followed. Appropriate documentation should be provided to Development Services when donations are processed.

Do SOPGAP policies and procedures apply to all donations?

The SOPGAP applies to all donations made to New Orleans Baptist Theological Seminary and Leavell College and its **Seminary Associated Entities**, including the New Orleans Baptist Theological Seminary Foundation Board. Institutional Advancement is not responsible for receipting gifts made to Providence Education Foundation.

Any gift to the Seminary for Alumni Association Membership may not be tax-deductible. Donors should always consult their tax advisors regarding contributions. This document does not apply to sponsored contracts, specific **grants**, and cooperative agreements for research purposes.

The Seminary does not accept what types of gifts?

The Seminary will assess the financial desirability of receiving assets as **gifts** from potential donors and determine whether to accept a gift as offered. Certain gifts will be subject to an assessment as directed by the President. The Seminary and Seminary Associated Entities reserve the right to **decline gifts** from which it will realize little or no financial gain. It may refuse gifts offered for inconsistent purposes with its educational, research, and service missions.

The Seminary and **Seminary Associated Entities** shall not accept gifts with restrictions that violate the IRS regulations, federal or state laws, the Seminary's ethical standards, or those that require expenditures beyond their resources that compromise the academic freedom of the Seminary community. Or that involve unlawful discrimination based on race, religion, gender, age, national origin, disability, or any other basis prohibited by federal, state, and local laws and regulations.

Additionally, some gifts or income may **not be recorded** as charitable gifts by the Seminary and SAE's, such as:

- Advertising income
- Alumni membership fees and dues
- Appraisal costs
- Contract revenues
- Contract service
- Discounts on purchases, such as the common practice of offering education discounts, but not to be confused with bargain sales, which are acceptable gifts
- Earned income
- Gifts/transfers between **Seminary Associated Entities**.
- Reimbursement of expenses associated with transferring a gift to the Seminary
- Gifts to social organizations such as sororities or fraternities, except for those gifts deemed educational purposes by the Internal Revenue Service (IRS).
- Monies received as a result of exclusive vendor relationships, such as pouring rights
- Government funds, whether local, state, federal, or foreign. Including disbursements from Indian Tribal Governments and their private enterprises.
- Instances where there is a stipulation that a specific student be the recipient of a scholarship or tuition funds
- Memorials not intended to remain with the entity to support Seminary programs. For example, requesting memorial gifts for scholarship funds belonging to the deceased's minor children.
- Non-gift portions of quid pro quo transactions
- Proceeds from the sale of merchandise, unless the merchandise is sold as part of a fundraising program and the charitable portion of the gift transaction is identified
- Royalties for affinity agreements
- Gift-in-Kinds of service or partial interest property

GIFT TYPE

Cash gifts

All **gifts** to the Seminary or a Seminary Associated Entity (SAE) shall be processed through Development Services in the Office for Institutional Advancement.

Cash gifts include cash and cash equivalencies, including checks, credit cards, EFT, wire transfers, and payroll deduction. For cash gifts to be credited to an SAE project, the donation must have been solicited in the name of the SAE. Additionally, checks must be made payable to the entity in which the gift is deposited or have supporting documentation from donor designating funds. All other cash gifts will be deposited according to the Development Services approved guidelines.

Cash gifts are accepted in person, by mail, Electronic Funds Transfer (EFT), or wire transfer. Cash gifts are complete when the cash is provided physically to a representative of the Seminary or an SAE.

- For **credit card gifts**, the name on the credit card must match the person making the gift
- **Checks** will be deposited to the entity named the Payee. Checks made payable directly to an SAE will be deposited according to the approved guidelines.
- **Wire/ACH transfers** the receiving office, commonly the Office for Business & Finance, to alert the Office for Institutional Advancement as wired funds come to its attention. In addition, Development Services will alert the donor for the date funds are received.
- **Foreign currency gifts** will be valued at the U.S. dollar equivalent when the contribution is received. The Office for Business & Finance will manage the currency conversion and inform Development Services of the U.S. dollar amount of the gift. The transaction fees resulting from converting foreign currency to U.S. dollars will be charged against the gross proceeds of the gift.
- **Seminary payroll deduction** can be established, modified, and ended through the Office for Business and Finance. Contact Human Resources for assistance in starting or stopping a payroll deduction.
- **Bank Drafts may** be established by completing the Bank Draft / EFT Donor Authorization form and submitting it to the OIA. Bank drafts are processed on the 1st and 15th of each month. The minimum amount is \$10.00. Contact the Office for Institutional Advancement to start or stop a bank draft.
- **Recurring Credit Card** gifts are processed and maintained via the **online giving form**. Therefore, credit card numbers must never be kept in any NOBTS & Leavell College systems or offices.
- An **Individual Retirement Account (IRA) charitable rollover** can be given to the Seminary. The Southern Baptist Foundation (SBF) will handle the consultation with donors regarding such gifts. Instruct the donor to initiate this type of gift through their IRA plan administrator to the Seminary. Please note that IRA charitable rollover gifts do not qualify for a charitable deduction. An acknowledgment letter is generated, but no gift receipt will be issued.

The date of the gift for cash gifts listed in our gift records will be the date the donation is processed by Development Services (D.S.). (Note: The gift date that a donor can claim for tax purposes may be earlier than the date D.S. processes the gift.) For tax purposes, the donor's gift date will depend upon how the gift was delivered and determined ultimately by the donor in consultation with their tax advisor.)

For gifts that arrive after the Office for Institutional Advancement closes at the end of business on December 31, the tax receipt will include the following messaging on all tax receipts mailed in January each year.

Please Note: The process date on your gift receipt reflects when we processed your gift, and does not imply the date your gift was made. Please consult with your tax advisor for IRS requirements regarding deductibility of this gift for your specified tax year. Should you have any questions concerning this matter please contact us at development@nobts.edu or 504-816-8145.

Procedure to process cash gifts

1. **Deposit.** Gifts to the Seminary, or an SAE, are deposited through Development Services (D.S.).
2. **Transmittal.** The office that receives the gift is responsible for submitting it to Development Services within 24 hours of receipt and the original or copies of all supporting documentation for the gift. For example, if the gift is a payment toward a pledge, it must be clearly stated within the documentation. Otherwise, the gift will not count as such.
3. **Recognition.** The Seminary credits outright cash donations to the donor's giving record at actual cash value. The donor's giving history will receive legal (hard) credit for the value of the gift. Recognition (soft) credit is assigned automatically to the spouse. It is not always obvious who (other than spouse) should receive recognition (soft) credit, such as a family foundation, a living trust, community foundation, or donor-advised fund. If **D.S.** receives a check including the names of both the donor and their spouse, legal (hard) credit is given to the individual who signed the check. Recognition (soft) credit will also be given if a business entity makes the gift, provided the donor is the principal owner or one of the primary owners of the business. A development officer must bring this relationship to the attention of D.S.
4. **Receipt.** A receipt is issued for the actual cash value of the gift, except for IRA rollover gifts, in compliance with IRS Publication 1771. An acknowledgment is mailed for IRA rollover gifts with no charitable deduction. Usually, receipts will be sent to donors within two business days after processing. Donors should consult with a tax professional with any tax deductibility questions.

Pledges

Pledges should be recorded following relevant accounting principles generally accepted (GAAP) in the United States of America, Council for Advancement and Support of Education (CASE) Guidelines, and the pledge rules and procedures prescribed by Development Services.

Pledge commitments must be written, signed by the donors, and include the amount, the pledge period, the date of the first payment, and the frequency of payments. In addition, the written pledge must contain a statement of the **gift's** designation, purpose, and any restrictions. Commitments are established for a payment period of five years or less from signing. The Vice President for Institutional Advancement must approve any exceptions to this policy.

A donor's pledge cannot be paid in the gift system by a third party, such as a community foundation donor-advised fund or a matching gift.

Pledge payments made with a gift of an asset that cannot be easily converted to cash—such as real estate or closely-held securities— can pay on a pledge but may require additional review before recording.

A donor may make one of the following types of pledges:

- **Unconditional pledges** promise to give dependent only on the passage of time or demand by the promise of performance.
- **Conditional pledges** are a promise contingent upon a Seminary event occurring, a goal is attained, or the Seminary meets another specific requirement before a donor contributes.

Pledges contingent on a donor event occurring, the goal is attained, or specific requirement being met will not be recorded. Conditional pledges are not counted in fundraising totals until the condition is fulfilled. Conditional pledges should only be accepted for projects if approved by the Vice President for Institutional Advancement.

Procedure to process unconditional and conditional pledges

1. **Pledge transmittal.** The receiving office working with the donor should notify the Office for Institutional Advancement and Development Services to record the promise in Advance.
2. **Pledge reminder.** Development Services (D.S.) is responsible for sending the pledge reminders to the donor. Pledge reminders are generated thirty days before the scheduled pledge payment is due, then thirty days after the planned pledge payment date. Pledges are recorded monthly, quarterly, yearly, or custom schedule frequency in the advancement database. Additional reminders may occur following the Pledge Management Plan.

3. **Recognition.** The donor's giving record will receive **legal (hard) credit** for the value of the pledge payment. **Recognition (soft) credit** is assigned automatically to the spouse. It is not always obvious who (other than spouse) should receive recognition (soft) credit, such as a family foundation, a living trust, community foundation, or donor-advised fund. Therefore, D.S. must be informed when such credit should be given. Recognition (soft) credit will also be given if a business entity makes the gift, provided the donor is the principal owner or one of the primary owners of the business. Again, this relationship must be brought to the attention of D.S.
4. **Receipt.** D.S. will receipt the gift on the date D.S processes the gift. Usually, receipts will be mailed to donors within two business days after processing.

Pledge monitoring and reminders

Development Services (D.S.) should monitor pledges for fulfillment. D.S. reduces the pledge by the amount received when a pledge gift has been given. Please note that all recorded unconditional pledges are subject to audit confirmation. Pledges selected for validation will be supplied to the Director of Development for review before contacting the donor.

The Pledge Management Plan outlines managing the pledge reminder distribution and fulfilling delinquent pledges.

Publicly traded securities, mutual funds, and dividend reinvestment accounts

The Southern Baptist Foundation (SBF) or TruWealth Advisors (TWA) is responsible for processing gifts of securities to benefit the Seminary or a **Seminary Associated Entity (SAE)**. The Office for Institutional Advancement will work with the donor to confirm which entity best serves the donor.

Marketable stocks, bonds, or other securities traded on national exchanges are acceptable as outright gifts, payments towards pledge commitments, and to fund various deferred gifts such as charitable remainder trusts and charitable gift annuities.

Generally, securities are sold within 24 hours after they are received. **The internally recorded value of the gift** is based on the average of the high and low selling prices for the security on the gift date. The internal valuation date of a gift on a securities transaction depends on the type of delivery used. The internally recorded value of the donation should not be construed as the charitable value of the gift. The donor should determine this value with a consult from a tax professional.

The security may be mailed, delivered personally to a representative of the Seminary or an SAE, or transferred electronically (via the DTC system) from the donor's brokerage account to the brokerage account for the Seminary or an SAE.

Additionally, the donor may have shares re-issued by the transfer agent in the name of New Orleans Baptist Theological Seminary or one of the SAE.

Dividend reinvestment accounts (DRIP) are another way that a donor may make a gift of securities. A DRIP account holds stock acquired because the donor has their dividends reinvested to purchase additional shares. This type of account usually owns fractional as well as whole shares.

Gifts of **mutual fund shares** are also acceptable; however, transfers of this type take longer to complete. In addition, many mutual funds are not DTC transferable. Therefore, each company sets its requirements regarding transferring these shares to a charitable organization.

Procedure to process gifts of securities

1. **Notification/Approval.** The development officer or staff person should notify Development Services (D.S.) when they know a stock transfer will be made. In consultation with **TruWealth Advisors (TWA)** or the **Southern Baptist Foundation (SBF)**, the development officer will provide electronic transfer instructions for the Seminary or any of the Seminary's Associated Entities to donors or their advisors. TWA will help the donor prepare the required stock power and instruction letter if paper certificates are used. These documents require the donor to have their signature guaranteed at a commercial bank or a

brokerage account before returning to the TWA to complete the gift transaction.

The TWA or SBF Staff works with Office for Institutional Advancement (OIA) to authorize the sale of the stock when it has been received. Required information includes the donor's name, the number of shares, the name of the security being transferred, and the account name and number to which the proceeds should be deposited. Share stock information via email at development@nobts.edu.

2. **Transmittal.** TWA or SBF prepares all security transmittal documents. TWA or SBF informs the appropriate Seminary entity that a security gift is being made and sends copies of all paperwork to the appropriate office.
3. **Recognition.** The donor's giving record will receive **legal (hard) credit** for the value calculated for internal purposes. The difference between the average price and actual selling price will be treated as gain or loss when the gift is deposited and posted to the fund within the accounting system by OB&F. When securities are used to make a payment against a pledge, the pledge balance will be reduced by the amount of the legal (hard) credit. **Recognition (soft) credit** is given automatically to the spouse.
4. **Receipt.** A receipt will be issued to the donor reflecting the internal value of the shares on the date of the gift, as well as a description of the securities received. In addition, the receipt will reflect the average of the high/low sales price of the securities on the date of the gift. **D.S.** will receipt the donation on the date TWA processes the gift. Typically, receipts will be mailed to donors within two business days after processing. The internally recorded value of the shares should not be used as a charitable value by the donor.

Non-Standard & Complex Assets Gifts

Under certain circumstances, the Seminary or an SAE will accept gifts of securities that are not traded on a public stock exchange or have restrictions and other complex assets. These might include:

- Restricted stock
- C Corporation stock
- S Corporation stock
- Membership Interests in Limited Liability Companies
- Limited Partner Interests in Limited Partnerships

These gifts must be coordinated with the **Southern Baptist Foundation** (SBF) or **TruWealth Advisors** (TWA). The **Gift Acceptance Committee** (GAC) will review and make recommendations to the Vice President for Institutional Advancement and Associate Vice President of Business & Finance.

Employer-sponsored matching gifts

A matching gift may be received from a company or a company-funded foundation that matches a person's gift given to the Seminary or a **Seminary Associated Entity**.

When the original gift being matched is a **stock gift**, the matched value is the internally calculated value described above, not the net proceeds from the sale. Under certain circumstances, a matching gift claim can be entered for a deferred gift. These particular circumstances are an exception to the rule, which states that matching funds must be deposited into the same account as the original gift. D.S. staff will ensure the deferred gift is correctly deposited into an appropriate fund or account. Generally, these matching gift designations only happen when a company has allowed a matching grant to be made as long as it goes to an endowment or specific fund and is not added to the deferred gift.

Procedure to process matching gifts

1. **Deposit.** Matching Gifts to the Seminary are deposited through D.S. (for gifts to a **Seminary Associated Entity**) or the Cashier's Office (for contributions to the Seminary).
2. **Transmittal.** D.S. is solely responsible for processing all matching gift claims. D.S. will record the matching gift in the advancement database. Potential matching grants cannot be entered as a part of a pledge the donor makes since those are not funds the donor controls or is entitled irrevocably to receive.
3. **Recognition.** Matching gifts must be credited to the same account(s) as the original gift unless

restricted by the matching company. The matching company receives legal (hard) credit for the matching gift. The original donor will receive recognition (soft) credit toward Seminary's giving societies.

4. **Receipt.** D.S. will receipt matching gifts only when requested by the company. Receipts will be mailed to donors within two business days after processing.

Donor-Advised Funds and Community Foundations

Donor-Advised Funds (DAF) and Community Foundations (C.F.) are recognized as stand-alone 501(c)(3)tax-exempt charitable organizations.

A donor may recommend a donor-advised fund or a community foundation make a gift to the Seminary or one of the related foundations from funds the donor has given to the DAF or C.F. A gift from a DAF or C.F. cannot directly pay on a pledge from the donor. Furthermore, Federal guidelines do not allow for individuals to receive direct support. Grants from a donor-advised fund need to only go to a qualified public charity IRC sec. 509(a)(1)-(3), or a private operating foundation described in IRC sec. 4942(j)(3). The recommending donor nor any other party will receive goods, services, or impermissible benefits (e.g., tuition, memberships, dues, admission to events, or goods bought at an auction.)

When a donor recommends a grant be made from one of these entities, no tax receipt will be issued to the original donor; they will receive their income tax deduction from the DAF or C.F.

Donors will receive a tax receipt from the administering charitable organization when donations are made into the fund; no tax receipts will be issued as grants are recommended and disbursed. Procedure to process DAF or C.F. gifts

1. **Transmittal.** The development officer or staff member sends the gift of DAF or C.F. to Development Services (D.S.) for processing. D.S. will record the donation in the advancement database.
2. **Recognition.** The donor's giving record will receive **recognition (soft) credit** with the value of the gift, and it will be noted that the DAF/CF made the gift. Recognition (soft) credit is also given to the spouse. It is not always obvious who should receive recognition (soft) credit for a DAF/CF gift. Therefore, D.S. must be informed when such credit should be given.
3. **Receipt.** D.S. will receipt the gift on the date the donation is processed. Typically, receipts will be mailed to the DAF/CF within two business days after processing.

Sponsorships

Sponsorships are payments by an individual or entity in a trade or business in which there is no arrangement or expectation that the person will receive any substantial return. Sponsorships are typically encouraged for underwriting events. Simply calling a sponsorship does not necessarily mean the sponsor gets value in exchange. Often, sponsors are merely seeking name recognition. However, standard quid pro quo benefits such as receiving a table or a certain number of tickets to the event may be issued in return for sponsorships.

Sponsorships are considered **gifts** unless the sponsor receives something of value as part of the sponsorship, such as meals or event tickets. In these cases, the value of the items received must be subtracted from the sponsorship amount.

For example, if a company sponsors an event and pays \$1,000, and in exchange receives four free meals valued at \$25 each, then \$900 would be treated as a gift, and \$100 would be treated as Other Income.

In terms of recognition, sponsors may receive the following credit:

- Sponsor's location, phone number, and website
- Value-neutral descriptions, including displays or visual depictions of the sponsor's product line or services
- Displays of brand or trade names and provide or service listings
- Logos or slogans that are an established part of the sponsor's identity
- Display or distribution (free or at cost) of the sponsor's product at the sponsored event

Sponsors may not, however, receive the following recognition:

- Qualitative or comparative language
- Price information or other indicators of savings or value
- Endorsement or inducement to purchase, sell, or use the sponsor's service, facility, or product
- Other Advertising messages (competitive pricing, etc.)

Procedure to process sponsorships

1. **Notification/Confirmation.** Notify Development Services (D.S.) that your department is seeking to secure sponsorship for an event that will be deposited into a **Fund 11** project. Before finalizing the sponsorship, provide as much detail as possible to D.S. **If the sponsorship is deposited into a Fund 11 project, the Office for Institutional Advancement should approve before solicitation.**
2. **Transmittal.** Sponsorships can be deposited as a **gift** into a foundation fund if the event is marketed clearly as a foundation event and the check is made payable to the foundation. If the event is not promoted clearly as a foundation activity, then the gift (and any related other income portion) would still be processed as a gift. Still, the proceeds must go into a Seminary fund.
3. **Recognition.** The donor's giving record will receive **legal (hard) credit** for the value of the gift. It is not always obvious who should receive **recognition (soft) credit**. Therefore, the department must inform D.S. when such credit should be given. Recognition (soft) credit will also be given if a business entity makes the gift, provided the donor is the owner of or one of the business's majority owners. Again, this relationship must be brought to the attention of D.S.
4. **Receipt.** D.S. will receipt the gift on the date D.S. processes the gift. Typically, receipts will be mailed to donors within two business days after processing.

Gifts of tangible and intangible personal property

Gifts of tangible property include, but are not limited to, books, coins, works of art, manuscripts or archival materials, automobiles, films, videotapes, boats or sporting equipment, computer equipment, furniture, animals, office equipment, and machinery. **Gifts of intangible personal property** include, but are not limited to, computer software, patents, and copyrights. The deduction allowable for these donations depends on how long the donor has owned the property. Additionally, whether the donor has created the property and whether it is related to the charitable purpose of the Seminary.

New Orleans Baptist Theological Seminary and Leavell College or one of the **Seminary Associated Entities (SAE)** can accept a gift of personal property. Development Services (D.S.) may issue a receipt if it is related or unrelated to the charitable purpose of the Seminary or one of the SAE. Generally, a gift of personal property is made to the Seminary and not to an SAE. Likewise, software contributions are considered gifts to the Seminary and not an SAE.

Suppose the personal property and the associated costs of maintaining that property exceed \$1,000 per year. In that case, mandatory written **approval** is required from the Vice President for Institutional Advancement before accepting the gift.

Whether the gift is related or unrelated to the charitable purpose of the Seminary or an SAE can affect the allowable **charitable deduction** a donor may be permitted to claim under Internal Revenue Service (IRS) regulations.

Suppose the property is a work of art created by the donor or something the donor has held for less than 366 days. In that case, they should be advised to check with their tax advisor on the potential deductibility of the gift before the gift is accepted. The donor's responsibility is to determine the value of a gift of personal property for their tax purposes. A Seminary employee should never value personal property for a donor.

Gifts-in-kind of services include but are not limited to such activities as printing materials, appraisals, and design work. These services provide valuable support to the Seminary or **Seminary Associated Entities**.

However, no matter how beneficial to the Seminary, the contribution of services is not tax-deductible according to the IRS. Therefore, no **legal (hard) credit** or **recognition(soft) credit** is recorded in the advancement database for such gifts.

Gifts of patents are highly technical, and the development officer should first contact Development Services and the Office for Institutional Advancement to determine how the Seminary may accept these gifts. Patent donations are recorded at \$1. Contributions made in support of the patent (toward the costs associated with holding the patent or additional research and development, for example) are legal (hard) credited at face value. A receipt will be issued for the amount donated.

The **date of a gift** of personal property will be either the date the property's ownership is entirely assigned to the Seminary via a deed of gift, even if physical possession will take place later, or an employee of the Seminary or a representative of an SAE takes control of the property.

Procedure to process gifts of personal property

1. **Appraisal.** The value of the gift is to be provided by the donor and should be documented with an appraisal, sales receipt, or other independent documentation. A qualified review is the preferred documentation required by the Internal Revenue Service (IRS) if the donor intends to claim an income tax charitable deduction more significant than \$5,000. The appraisal would need to be completed no earlier than 60 days before the gift date by a qualified appraiser per IRS guidelines. The assessment and any associated costs are the responsibility of the donor.

In those circumstances where the donor cannot supply valuation documentation, the development officer may submit the best available documentation from a third-party source, such as price lists, thrift value, or other evidence of fair market value. Under no circumstances shall the opinion of a Seminary employee or SAE be used to establish valuation.

2. **Transmittal.** Personal property gifts are reported to the Office for Institutional Advancement (OIA) and Development Services (D.S.). All supporting documentation includes a description of the donated item and any appraisal or valuation documents.
3. **IRS forms.** **IRS Form 8283** may require the donor to substantiate a charitable deduction for any noncash gift on their income tax return.

The preparation of Form 8283 is the donor's responsibility or their tax advisor. Forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to OIA. OIA will coordinate signatures from the appropriate Officer of the Seminary. (The Seminary should be prepared to complete this form as a service to the donor.)

IRS Form 8282 must be filed with the IRS by the Seminary for noncash gifts valued over \$5,000 sold by the Seminary within three years of receiving the donation. The Seminary must file form 8282 within 125 days of the asset sale and provide a copy to the donor.

4. **Review.** The Office for Business and Finance will review the supporting documentation for the asset gifted and determine what is recorded in the Seminary accounting system as inventory covered by Seminary insurance.
5. **Recognition.** The donor's giving record will receive **legal (hard) credit** with the estimated fair market value of the item. **Recognition (soft) credit** is assigned automatically to the spouse. It is not always obvious who (other than spouse) should receive recognition (soft) credit, such as a family foundation, a living trust, community foundation, or donor-advised fund. Therefore, D.S. must be informed when such credit should be given. Recognition (soft) credit will also be given if a business entity makes the gift, provided the donor is the principal owner or one of the primary owners of the business. Again, this relationship must be brought to the attention of D.S.
6. **Receipt.** The receipt issued to the donor for a gift of personal property will describe the property received but will not show a value for the property. D.S. will receipt the gift on the date D.S processes the gift. Typically, receipts will be mailed to donors within two business days after processing.

Gifts of real property

Overview

Gifts of real property may include complete or fractional interests in improved and unimproved land, residences, condominiums, apartment buildings, rental property, commercial property, woodlands, and farms. Gifts of real property can be valuable assets for furthering the Seminary's mission by enhancing the delivery of high-quality teaching, research, and extension and engagement activities and programs. However, gifts of real property can create financial, legal, and logistical obligations for the Seminary, mainly if the gift is provided with the expectation or condition that the Seminary retains the gift for extended periods, for specific purposes, in a particular state, or that it be disposed of under particular terms.

Proposal

All **proposals** for the acceptance of a gift of real property must be in writing and contain the following:

- Description of gift and specific criteria supporting acceptance
- Identity of the donee – the New Orleans Baptist Theological Seminary, Endowment Fund, or an SAE
- Whether a property is to be sold or retained for programmatic use
 - If maintained for programmatic use, a Land Use Plan must be attached to the proposal
 - If to be sold, source of funds to pay carrying costs until the property is sold

Proposal approval will be provided by the Office for Institutional Advancement (OIA) in consultation with the **Southern Baptist Foundation** (SBF)

OIA shall **evaluate** the proposal according to the real estate acceptance review process (described at the end of this section) and make a recommendation to the V.P. of I.A. and the V.P. of B.A. The Office for General Counsel (OGC) is available for consultation on potential legal issues about the property. Upon approval of the V.P. of I.A. and the V.P. of B.A., the gift of real property may be accepted. Acceptance of any real property owned by the Foundation Board, the Seminary, or an SAE requires subsequent approval by the appropriate entities.

Any gift of real estate must meet the **criteria** below by benefiting the Seminary in at least one of the following ways: **real property to be sold**, **programmatic purpose**, or **other institutional purposes**. The President may make exceptions to the criteria set forth below.

1. ***Real property to be sold***; Gifts of real property may be accepted for immediate sale or short-term retention in anticipation of purchase for purposes of providing funds to support other Seminary objectives.

Proposals to accept gifts of real property to be sold for proceeds to support other Seminary objectives must include the following:

- A plan for the sale and immediate management of the property
 - The identification of a source of funds to cover expenses incurred while holding the property until it is sold
 - A description of anticipated net proceeds to be realized from the sale and the proposed use of such proceeds
 - The identification of the specific program(s) that the proceeds will benefit
 - ***Recommended Minimum Value***. Gifts of real property to be sold need to have a minimum appraised value of \$50,000. In place of an appraisal, parish or county real estate tax values may be used to determine the estimated value of a proposed gift for purposes of an Initial Review (see Procedures below). Proposed gifts of real property to be sold with appraised values between \$25,000 and \$50,000 are reviewed by OGC and SBF. Still, they are not encouraged due to the monetary costs and potential financial risks to the Seminary implicit with the acceptance of gifts of real property. In instances where appraised values are between \$25,000 and \$50,000, OGC will consult with SBF on the Initial Review results to determine whether a request for Seminary funds for Due Diligence is appropriate. OGC will not request an Initial Review from SBF for any property that does not have a minimum appraised value of at least \$25,000.
- a) ***Programmatic purpose***. Gifts of real property that are advantageous programmatically must be accompanied by endowed funds, a revenue-generating mechanism, or some other explicit financial plan to support the maintenance of the gift and the fulfillment of the programmatic purpose. For

example, donations of real property may be accepted to advance the Seminary programs (teaching, research, extension, and engagement) as long-term sources of income to support programs or the location for specific programs.

Acceptable gifts of real property may generate income to support programs financially (e.g., facility rental, mineral rights, or timber management). The Seminary may also have a programmatic interest in the property to accept such income-producing gifts (e.g., a site where students serve internships required by their academic program. Additionally, Seminary-sponsored public programs may also produce income to support those programs through admission prices or rental for special events).

Proposals to accept gifts of real property that may generate income to support programs must include the following:

- The intended use of the gift
- The relation of the gift to a programmatic interest of the Seminary
- A logistical plan for managing the property
- The expected annual net returns to the Seminary over the expected retention period of the property
- The identification of a source of funds to cover expenses incurred while holding the property until it generates income
- Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold, or transferred to another owner

b) **Location for specific programs.** Gifts of real property may be accepted if the property directly enhances a particular program (e.g., land or facility for a research site or extension center). In these cases, the specific gift must provide a unique opportunity or other advantages that cannot be achieved by using resources owned by others (e.g., long term research and the ability to generate grants in support of existing research often depends on the ability to assure that land use will not change over time and that research will not be compromised by the disturbance of research areas maintained as undisturbed sites; Seminary ownership may better support this objective than a short term or long- term lease of land).

Proposals to accept gifts of real property that support programmatic goals must address the following:

- The intended use of the gift
- The relation of the gift to a programmatic interest of the Seminary
- A logistical plan for managing the property
- The expected annual net returns to the Seminary over the expected retention period of the property
- The identification of a source of funds to cover expenses incurred while holding the property until it generates income
- Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold, or transferred to another owner
- The immediate and long term potential for the gift to support one or more specific programs
- The faculty/staff and programs that the gift would support
- The uniqueness or unique value of the contribution to support the identified programs
- A proposed financial, management, and maintenance plan for the property and the programs that will occur on it.

2. **Other institutional purposes.** Gifts of real property may be accepted if the gifts are determined to be valuable assets to the Seminary for other appropriate purposes (e.g., serving as a potential site for a Seminary facility, serving as a possible site for a cooperative venture with another agency or ministry, being a part of significant grant submission, adding to the cultural richness of the Seminary, permitting the retention of land or open space, or historical-site conservation).

Proposals to accept gifts for other institutional purposes must include all of the following information and be supported by a compelling rationale for acceptance of the donation:

- The intended use of the gift
- The relation of the gift to a programmatic interest of the Seminary
- A logistical plan for managing the property
- Forecast expected annual net returns to the Seminary over the retention period of the property
- Identify the source of funds to cover expenses incurred while holding the property until it generates income
- Show the specific criteria used to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold/transferred to another owner
- Confirm the immediate and long term potential for the gift to support one or more specific programs
- Determine the faculty/staff and programs the gift would support
- Share the uniqueness or particular value of the contribution to support the identified programs
- Prepare a proposed financial, management, and maintenance plan for the property and an overview of the programs that will occur on the property.

Procedure for routing a request to accept gifts of real property

Proposal. The development officer working with the donor should contact the Office of General Counsel (OGC) to review a potential contribution of real property. OGC will coordinate the required due diligence process through the Southern Baptist Foundation (SBF).

Certain information is needed to evaluate a proposed gift, including the current deed and property description; recent property tax bill; most recent survey and map of the property; information regarding known easements, restrictions, covenants, zoning information, right-of-way, and conservation easement; current or former uses of property; copy of any current leases, mortgages, liens, assessments, and homeowner association agreements; most recent appraisal, environmental study, or report; listing of any litigation, pending litigation, disputes, issues with neighboring developments; and any disclosures or known issues that might affect either the use or the sale of the property.

The development officer can help the process by supplying the OGC with this information when initiating the proposal.

- a) **Initial Review.** The development officer should provide the following information for the initial review of the property by OGC: The property address, owner name, and the tax parcel identification number; any notes from the owner regarding the current use or intended use, the market history or expected marketability (this would include the owner's opinion of value if they have expressed one); and notes from the development officer regarding whether the property's intent is for programmatic purposes or resale. In addition to the above information, the OGC may also contact a local broker to request an opinion regarding the property's marketability. The OGC will then provide an initial statement regarding the viability of the proposed property as a gift under the criteria outlined above.
- b) **Due Diligence.** If the entity receiving the gift elects to proceed with the proposed gift of real estate following receipt of the initial opinion from OGC, then the Seminary, in consultation of the SBF, must engage in a due diligence process to evaluate the potential liabilities and opportunities offered by said gift. The SBF will determine the requirements for a given property. They may include a survey, a commitment for title insurance, a Phase One environmental site assessment, and, if appropriate, a home or building inspection conducted by a qualified individual or firm. In addition, other reviews may

be required as warranted by a specific property. OGC and SBF will coordinate the due diligence process with the development officer and the donor.

- c) **Appraisal.** To claim an income tax charitable deduction, the donor must have the real estate appraised by a "qualified appraiser," defined by the Internal Revenue Service. Such an appraisal can be completed no earlier than 60 days before the date of the gift.

As the appraisal is for the primary benefit of the donor, its cost is the donor's responsibility.

Typically, SBF requires a copy of the appraisal before completing its due diligence to assess a proposed gift's marketability.

- d) **Land Use Plan.** The development officer must advise OGC and SBF which acceptance rationale listed above—**real property to be sold, programmatic purpose, other institutional purposes**—that the proposed gift meets, and explain how the issues identified above are under the appropriate rationale.
- e) **Recommendation.** SBF will recommend accepting the gift upon satisfactory completion of its due diligence process and receipt of a land-use plan. This recommendation must be received by both the V.P. for I.A. and the V.P. of B.A. In addition, SBF will forward the proposal to the OGC and the Seminary AVP of B&F. OGC to coordinate the acceptance of both Vice Presidents and any other entity required.
- f) **Completion.** Once accepted, the OGC and V.P. for I.A. will coordinate the completion of the gift with the development officer and the donor. For example, a real estate gift is typically complete when the Seminary or the ASE receives a deed transferring the property. The OGC will also work with the Office for Institutional Advancement (OIA) and the donor to record the deed in the appropriate court records.

For OGC to obtain the required due diligence, a complete and thorough review of the property must include a recommendation of gift acceptance and coordinate the completion of the gift within a given calendar year; the request for initial consideration should be received by OGC no later than October 15 of said year.

Expenses incurred during the proposal process

Expenses incurred during the proposal process for the primary protection of the donor—including the appraisal and deed—are the donor's responsibility. Costs incurred for the defense of the entity receiving the gift—including environmental review, title search, and home inspections— may be paid by the entity. Donors are always encouraged to make gifts to defray the entity's costs. Any such commitment by the donor should be documented in writing.

1. **Transmittal.** Development Services (D.S.) will process the gift via the documents prepared by the SBF after the deed to the Seminary or an SAE is received. Send the instructional documents to the Office for Institutional Advancement (OIA) with a copy of the deed and the qualified appraisal of the property. D.S. will record the gift in the advancement database. D.S. will notify the development officer and the donor when the transmittal is complete.
2. **IRS form.** Internal Revenue Service (IRS) **Form 8283** may be required for the donor to substantiate a charitable deduction for any noncash gift on their income tax return. The preparation of Form 8283 is the donor's responsibility or their tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to Southern Baptist Foundation (SBF).

The Office for Institutional Advancement (OIA) will coordinate signatures from the appropriate Officer of the Seminary.

3. **Recognition.** The donor's giving record will receive **legal (hard) credit** with the appraised value of the real property. **Recognition (soft) credit** is assigned automatically to the spouse.
4. **Receipt.** The receipt issued will show a description of the property only. D.S. will receipt the gift on the date D.S. processes the gift. Typically, receipts will be mailed to donors within two business days after processing.

Deferred gifts

Life income and Term income gifts

Life income gifts, also known as "split-interest gifts," refer to various types of Charitable Remainder Trusts (CRT) and Charitable Gift Annuities (CGA). The gift is split between two beneficiaries: (1) the "income stream," or a non-charitable portion, provides payments to the donor or loved one for their lifetime, or a term of years; and (2) the "remainder interest," or a charitable portion, which is the trust portfolio that remains after the trust is terminated. The Office for Institutional Advancement (OIA) should be consulted whenever a life income gift is considered as a possible gifting option.

Once terminated, the remainder interest is transferred to the Seminary or a **Seminary Associated Entity (SAE)**, per the CRT or CGA agreement, in the manner specified by the donor. These gifts include charitable remainder trusts (e.g., annuity trusts, Unitrust, FLIP Unitrust, etc.) and charitable gift annuities (immediate and deferred).

Following are requirements for CRTs and CGAs:

Charitable remainder trusts:

- Minimum gift – \$50,000
- Payout rate – usually 5% to 7% unless the donor is significantly advanced in age or the term of years of the trust is short. (appropriate rate will vary with age/term of trust/initial funding level)
- Minimum age of income beneficiaries – 50, unless the trust is for a term of years
- Funding – cash, stock, real estate, appreciated assets
- Remainder Beneficiary – may include other charities, as long as the Seminary or an SAE collectively receive no less than 50% of the remainder
- Trustee – For portfolios comprised only of stock or cash, the Seminary or an SAE is preferred as the Trustee. For CRTs funded with real estate, the donor may wish to serve as Trustee and name the Seminary or an SAE as Successor Trustee in the Trust Agreement.

Charitable gift annuities:

- Minimum gift – \$10,000
- Payout rate – The American Council on Gift Annuities suggests the maximum rate offered based on the donor or donors' age(s). In no case will the proposed rate exceed 9%.

Exceptions to these requirements must be approved by both the Vice President for Institutional Advancement and the Vice President for Business Administration.

While life-income gifts offer benefits to both the donor and the Seminary, they also can present risks. Therefore, all life-income gifts should be coordinated with the Southern Baptist Foundation (SBF).

For gifts managed by a **Seminary Associated Entity (SAE)** and for donations involving real estate transfer, the SBF and OGC will coordinate the preparation of the applicable agreements and the transfer of assets. However, costs associated with forming a CRT, such as legal fees to draft the trust agreement, appraisal fees, etc., are the donor's responsibility.

All life income gift agreements that name the Seminary or SAE as a party to the CGA Agreement or Initial Trustee of a CRT must be signed by the donor, the President or designated Officer of the SAE, and the entity's Treasurer. In addition, if the Seminary or SAE is named a Successor Trustee of a CRT, the donor and initial Trustee must sign; it is recommended that the President or designated Officer of the SAE and the entity's Treasurer also sign to acknowledge the gift.

Procedure for processing life income gifts

1. **Transmittal.** The Southern Baptist Foundation **SBF** is responsible for preparing all life income gifts. The SBF will also prepare all supporting documents needed by the donor to claim their charitable income tax deduction and transmit those materials to the donor with the required disclosure statements. Additionally, the SBF will provide the appropriate development officer Office for Institutional Advancement and copies of

all relevant documents about the gift. Development Services (D.S.) will record it in the advancement database.

2. **IRS forms.** Internal Revenue Service (IRS) **Form 8283** may be required for the donor to substantiate a charitable deduction for any noncash gift on their income tax return. The preparation of Form 8283 is the donor's responsibility or their tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to the OIA. OIA will coordinate signatures from the appropriate Officer of the Seminary.
3. **Recognition.** The donor's giving record will receive **legal (hard) credit** with the net present value of the remainder interest based on the date of the gift, per the calculation required by the IRS. In addition, the donor receives **recognition (soft) credit** with the fair market value of the gift per appraisal, stock valuation per IRS guidelines, etc., as is the giving record of the surviving spouse. Please get in touch with the SBF with any questions regarding life-income gifts.
4. **Receipt.** Office for Institutional Advancement (OIA) will receipt the gift on the date D.S. processes the gift. Typically, receipts will be mailed to donors within two business days after processing. Receipts for deferred gifts reflect the donation of the gift but not its value.

Revocable gifts

Revocable gifts are legal arrangements in which a donor makes a provision in an estate plan or other estate document that may be changed during a donor's lifetime, including but not limited to bequests from a Will or Revocable Trust and beneficiary designations from a retirement plan, life insurance policy, or annuity. A revocable gift will benefit the Seminary or a **Seminary Associated Entity**—typically at the end of the donor's life. The donor has the legal right to change a revocable gift before the gift is received. The Southern Baptist Foundation (SBF) should be consulted whenever a revocable gift is considered as a possible gifting option.

For a revocable gift to be recorded, a donor must document (a) their intent to complete the gift, (b) a general description of the gift provision, (c) the current estimated value of the gift, and (d) any designation of the gift's use. Clear documentation is beneficial to fulfill the donor's wishes and ensures the Seminary or an SAE benefits from a more streamlined process after the donor has passed away. It is important to note that many life insurance and retirement account providers will not contact a beneficiary upon a donor's death; their internal policies consider it the beneficiary's responsibility.

The Gift Officer is responsible for securing the following documentation from the donor: a Statement of Intent and a copy of the gift provision, such as a photocopy of the Will bequest language, beneficiary designation form, etc. Forward completed documentation to the SBF for review. Upon receipt, the SBF is responsible for preparing and submitting it to Development Services (D.S.).

Contingent gifts

Contingent gifts indicate that a donation will be transferred to the beneficiary (the Seminary or an SAE) only after the donor's death plus another specified person (typically a spouse). A contingent gift may be recorded at the estimated value only if the donor and the other specified person document both parties have included the same gift provision in their estate plans. When this occurs, a gift is assured regardless of the order of death.

In the case of retirement account(s), the gift may only be counted at the estimated value only when the Seminary or an SAE is listed as a secondary/contingent beneficiary. The primary beneficiary of said retirement account(s) agrees in writing to name the Seminary or an SAE as a primary beneficiary on the inherited account(s) upon transfer. In this instance, the Seminary or an SAE will receive the funds after the survivor's death. When this occurs, a gift is assured regardless of the order of death. The Southern Baptist Foundation (SBF) will draft the memo for donors to review and sign.

Otherwise, D.S. **will record a contingent gift at \$1.00.** (Exceptions may be made with the approval of the Vice President for Institutional Advancement when the documented terms of the gift demonstrate a reasonable likelihood that a donation will be received.)

Procedure for processing revocable gifts

1. **Transmittal.** Documentation for all revocable gifts should be transmitted to the SBF. The SBF is

responsible for preparing the gift/pledge forms and submitting them to OIA. In addition, D.S. will record the gift in the advancement database.

2. **Recognition.** The donor's giving record will receive **legal (hard) credit** with the gift's documented estimated value. **Recognition (soft) credit** is assigned automatically to the spouse.
3. **Receipt.** Receipts are not issued for revocable gifts.

Charitable lead trusts

In a lead trust, payments are made first to a charity, such as a Seminary or a **Seminary Associated Entity**. Then, at the end of the trust term, the remainder reverts to one or more individuals (typically heirs).

Distributions from a lead trust are like cash distributions from other private foundations. However, suppose the trust provides an irrevocable, dedicated income stream to the Seminary or an SAE. In that case, a more significant amount can be recorded in the advancement database, as described below.

Because of the potential conflicts of interest, neither the Seminary nor an SAE will serve as the Trustee of a charitable lead trust.

The **Southern Baptist Foundation** (SBF) should be consulted whenever a charitable lead trust is considered a possible gift.

Procedure for processing a charitable lead trust

1. **Transmittal.** The **SBF** will process the gift of a CLT, which includes submitting all required documentation to Development Services (D.S.) for recording in the advancement database. If the lead trust provides an irrevocable stream of distributions to the Seminary or an SAE, the future anticipated distributions can be recorded in the advancement database.

Five years of distributions can be recorded as a current pledge. When first recording a CLT in the advancement database, enter the present value of future income to the Seminary, or an SAE, which may be registered as a revocable gift.

2. No pledge reminders will be generated for any pledge recorded under this procedure. Please contact the SBF with questions regarding CLT gifts.
3. **Recognition.** The donor's giving record will receive **legal (hard) credit** with any distributions received or anticipated under the above guidelines. **Recognition (soft) credit** is assigned automatically to the spouse.
4. **Receipt.** D.S. will receipt distributions received on the date D.S processes the gift. Typically, receipts will be mailed to donors within five business days after processing.

Insurance gifts

There are numerous ways a donor can use an insurance policy to make a gift. Because a gift of life insurance has many variables, the Southern Baptist Foundation (**SBF**) should be consulted whenever a life insurance gift is considered.

1. **Donor Retains Ownership of the Policy; Seminary is named Beneficiary.** Suppose the donor retains ownership of the policy. In that case, their commitment to name the Seminary or a **Seminary Associated Entity** can be recorded by following the procedures for a Revocable Gift. Future payment of premiums does not qualify as a gift to the Seminary. For a term life policy, a commitment to name the Seminary or an SAE can be recorded by following contingent Revocable Gift procedures.
2. **Gift of Policy to Seminary or a Seminary Associated Entity, Seminary or Seminary Associated Entity becomes Owner and Beneficiary.** A donor may wish to transfer ownership of a policy to take advantage of available income tax benefits. Their gift may qualify for a current income tax charitable deduction, based on the interpolated cash reserve on the date of the gift, as documented by IRS [Form 712](#), which the policy's issuer prepares. Record the contribution as a legal (hard) credit for the interpolated cash reserve and a recognition (soft) credit for the policy's face value. To qualify for future income tax charitable deductions, the donor should direct future premiums as a current cash gift to the

Seminary or SAE. D.S. will record payments for each future premium as a cash gift. The Seminary or SAE will pay premiums to the insurer directly.

3. **Purchase of New Policy in the name of the Seminary or a Seminary Associated Entity, Seminary or Seminary Associated Entity becomes Owner and Beneficiary.** Other donors may wish to establish a new policy. Purchase the insurance policy in the name of the Seminary or an SAE, payment of the initial required premium should be a current cash gift to the Seminary, and the Seminary will provide payments to the insurer to purchase the policy. Typically, a check must be attached to the policy's application. The gift will be recorded as legal (hard) credit for the cash payment for the initial premium and a recognition (soft) credit for the policy's face value. Record future premium payments as a cash gift. The Seminary or SAE will pay premiums to the insurer directly.

Any gift involving a gift of life insurance should be referred to the [Southern Baptist Foundation](#) (SBF), evaluating its suitability as a gift with the development officer and the donor. Not all policies are designated to accomplish the donor's or the Seminary's objectives. Therefore, term policies are not accepted.

The SBF will then work with the donor, the appropriate officers at the Seminary or Seminary Affiliated Entity, and the insurance company to complete the transfer.

If unpaid premiums remain, the donor will make gifts at least equal to such future premiums. Such gifts will typically be cash or publicly traded securities and will be processed in the same manner described above for such assets.

Procedure for processing insurance gifts

1. **Transmittal.** Forward documentation for all insurance gifts to the Southern Baptist Foundation (SBF) for processing, reviewing the documents, and providing guidance to the OIA. Development Services will record the data in the advancement database. In addition, policies involving the transfer of ownership will include documentation transfer of the policy's ownership and its value at the transfer date ([IRS Form 712](#)).

For gifts of insurance premiums, process such donations using the procedures for the asset funding the premium gift (cash or publicly traded securities). Gifts that involve no change in ownership will be processed as Revocable Gifts.

2. **IRS form.** Internal Revenue (IRS) [Form 8283](#) may be required for the donor to substantiate a charitable deduction for any noncash gift on their income tax return. The preparation of Form 8283 is the donor's responsibility or their tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus copy of the appraisal or other substantiating documentation to the OIA. OIA will coordinate signatures from the appropriate Officer of the Seminary.

The gift officer can consult to confirm if IRS Form 1099-LS needs to be filed.

3. **Recognition.** The donor's giving record will receive **legal (hard) credit** with the policy's value per Form 712, typically the interpolated cash reserve as of the date of the gift (e.g., when a transfer of ownership has occurred). In addition, the donor will be given legal (hard) credit for the value of any premium gifts made directly to the Seminary or SAE as of the date they are received. The policy face value will also be recorded as recognition (soft) credit to the donor. Follow this process even when ownership is transferred to ensure the advancement database reflects the full scope of the donor's insurance gift. **Recognition (soft) credit** is given automatically to the spouse.
4. **Receipt.** D.S. will receipt distributions received on the date D.S. processes the gift. Typically, receipts will be mailed to donors within two business days after processing.

Procedure for processing IRA gifts

1. **Transmittal.** D.S. will process an IRA gift with assistance from the Southern Baptist Foundation [SBF](#). All required documentation is submitted to Development Services (D.S.) for recording in the advancement database. An **Individual Retirement Account (IRA) Qualified Charitable Distribution ("IRA rollover")** is initiated by the donor through their IRA plan administrator to the Seminary or SAE.

Please contact the SBF with questions regarding IRA gifts.

- a. **A Decedent IRA** is an inherited IRA. These are special IRAs whereby the original owner of the IRA has passed away. The IRA money has been transferred (inherited) to the beneficiary in the form of the decedent IRA. The withdrawal rules for an inherited IRA are different from those that apply to an original owner. Contact the [SBF](#) for more details.
2. **Recognition.** The donor's giving record will receive **legal (hard) credit** with any distribution received or anticipated under the above guidelines. **Recognition (soft) credit** is assigned automatically to the spouse.
3. **Receipt.** OIA will acknowledge distributions received on the date processed by D.S. IRA charitable rollover gifts do not qualify for a charitable deduction; instead, an IRA QCD acknowledgment letter is generated, but no gift receipt will be issued. Typically, receipts will be mailed to donors within two business days after processing.

Noncash Charitable Contributions

Gifts to the Seminary identified as a Noncash Charitable donation are subject to review by the gift officer to determine the potential for the furtherance of Seminary programs before their acceptance. A donor may deduct more than \$500 for a gift of personal property only if the donor files a Form 8283 with the tax return on which the donor claims the contribution deduction. If the donor claims more than \$5000, the donor must include the summary of an independent appraisal report setting forth the estimate of value. The charity must acknowledge the gift but needs to sign IRS Form 8283 only if the deduction claimed is more than \$5000. The charity should not be the party that values the gift.

Gifts of personal property can be deducted at an appreciated, fair market value only if they have been held for more than a year and will be used by the charity in its charitable program. Otherwise, they are generally deductible only at the lower fair market value or tax basis. Because the property may be disposed of and not used within the charitable program, the IRS requires the charity to file a Form 8282 and give a copy to the donor if personal property reported on the Form 8283 at more than \$5000 value is disposed of within three years of the date of receipt (unless consumed within the program or substantially repaired or improved).

Gift + other income (quid pro quo)

Quid pro quo **gifts** occur when the donor is provided something in exchange for the donation, such as tickets for dinner, a concert, or another event. The development officer is responsible for supplying Development Services with the fair market value associated with attending the event as a miscellaneous gift. It is the responsibility of the office sponsoring the event to retain the records proving the value of the ticket, dinner, or other tangible benefits for Internal Revenue Services (IRS) purposes. Failure to keep the information could result in fines and potential loss of tax-exempt status.

Miscellaneous gifts

Other types of **gifts** that may require special receipts and review before accepting the donation include inventory, artistic property created by the donor or the donor's spouse or received as a lifetime gift from the artist, real property subject to depreciation recapture, and Section 306 stock. Contact the Office for Institutional Advancement (OIA) before accepting any of these types of gifts. (OIA may contact the SBF for consultation.)

SUPPLEMENTAL INFORMATION AND EXCEPTIONS

Gifts that warrant further review and approval

Exceptions to this policy or gifts needing further review will be considered case-by-case basis by the Vice President for Institutional Advancement, who will decide to accept, reject, or escalate the gift discussion in consultation with the Seminary and foundation leaders appropriate. Gifts that may require further review:

- **Gifts** of personal property if they are not to be used by the Seminary
- Gifts of real or personal property that are subject to donor restrictions regarding the disposal of such property
- Any bargain sale of property where a gift element is associated with the acquisition of property by the Seminary or **Seminary Associated Entity** (SAE) below its fair market value
- Cash gifts with significant donor restrictions
- Gifts of unusual items or gifts of questionable value
- Gifts that require additional expenditures by the Seminary or an SAE
- Gifts that may conflict with *Coordination of Fundraising Activities and Acceptance of Private Donations (Gifts)*

Development officers should contact the Office for Institutional Advancement (OIA) for assistance with gifts in this category. These gifts will require prior approval by the Vice President for Institutional Advancement and consultation from the Southern Baptist Foundation (SBF).

Seminary Executive Cabinet

At the direction of the Vice President of Institutional Advancement, the Seminary Executive Cabinet may be convened to review and provide recommendations on the acceptance or the returning of a gift to the Seminary or a **Seminary Associated Entity**.

The Vice President for Institutional Advancement will preside over these discussions and retains the right to select their designee when necessary. Members should include:

- President
- Provost
- Vice President for Business Administration

At the discretion of the President or the Vice President of Institutional Advancement, when appropriate, other members may include:

- Vice President of Institutional Effectiveness
- Associate V.P. of Institutional Strategy
- Associate V.P. of Information Technology
- Dean of Graduate Studies
- Dean of Leavell College

The V.P. for Institutional Advancement retains the right to request other employees to participate in the review and recommendation process as they see fit.

Most commonly, these staff members will consist of the Associate VP of Business and Finance, Director of Development, Director of Development Services, General Counsel, and the development officer working with the donor.

Refunding of gifts

Rarely, the Seminary or a **Seminary Associated Entity** (SAE) may feel it necessary to refund a **gift**, either because it is in the best interest of the Seminary or SAE to do so or because conditions agreed to in accepting the gift cannot or will not be met. All refund requests must be sent to the Vice President for Institutional Advancement for approval before committing to process the refund to the donor.

If approved, requests must be sent to the Office for Institutional Advancement by the President of the Seminary or Treasurer of an SAE as a gift reversal. OIA will forward the request to Business Office and Development Services. D.S. will adjust the donor's giving record for the refund. For example, if the donor has filed a tax return claiming a charitable deduction for the gift, they will need to contact their tax advisor to determine if they need to

amend their tax return. In addition, the Seminary may be required to issue IRS Form 1099 to the donor for the refund.

Refund requests for non-charitable event registration fees require the Director of Development Services or Vice President for Institutional Advancement approval. Event Fee refund requests must be received before the date of the event. Permanent Endowed Funds are not eligible for a refund as they are irrevocable.

Discounts on materials and services

Corporations or individuals may offer significant discounts on materials and services to the Seminary or one of the **Seminary Associated Entities**. These discounts are commonly referred to as bargain sales. No gift receipt will be issued, as this is not considered a gift under Internal Revenue Services (IRS) guidelines. The donor's giving record will not be credited. The unit receiving the discount on materials or services may, at its discretion, send a letter of acknowledgment to the donor.

For recording purposes, the valuation of a "bargain sale" gift should be the difference between the discounted amount and the retail/educational value/appraised amount—process bargain sales as a gift-in-kind. The unit receiving the discount on materials or services may, at its discretion, send a letter of acknowledgment to the donor. The receipt will indicate details of the bargain sale with unique wording to indicate sale ("Thank you for your bargain sale of Gift-in-Kind (GIK) description") for those donations qualifying as bargain sales; see additional details in **IRS Publication 526**.

Gifts from Seminary faculty and staff

Gifts from faculty and staff of New Orleans Baptist Theological Seminary or Leavell College must meet the following three criteria for tax-deductible consideration:

1. Charitable intent should be the primary reason for making the contribution
2. The contribution must be credited to a fund, not under the sole control of or does not financially benefit the donating faculty or staff member personally
3. The faculty or staff donor should not receive or expect to receive future remuneration from the fund to which their gift was credited

Examples of deductible gifts include:

- Signing an honorarium check over to the department, at which point that faculty member does not have control over the receiving fund (this is taxable income to the faculty member as well)
- Making a stock donation to fund a life income gift to benefit a Seminary-wide scholarship endowment ultimately
- Donating equipment or materials for use by the department

Exception from Gift Assessment Fee

The Vice President must approve any exception from the Seminary Advancement gift assessment for Institutional Advancement. On rare occasions, a non-profit may restrict the evaluation of a charitable gift. Development Services must receive appropriate documentation from the non-profit, such as by-laws, stating this restriction to honor this request.

DEFINITIONS

Gift – A gift is personal property (cash, securities, books, equipment, etc.) and real property provided by a donor without expectation of tangible economic (except tax) benefit. The gift transfer to the Seminary or a Seminary Associated Entity implies no responsibility to provide the donor a product, service, technical or scientific report, or intellectual property rights. Providing the donor with the names of recipients of scholarships, awards, etc., or providing an expenditure statement, do not necessarily prevent the contribution from being considered a gift. The donor may specify the general use of the fund, or it may be an unrestricted gift for use in meeting needs identified by the Seminary, college, or related support organization. For scholarship gifts, the donor may not participate in selecting the recipient but may designate specific criteria for selecting recipients.

Grant – A grant, unlike a gift, usually is a written agreement to carry out a specified project that may entail a tangible product, usually a proprietary report. A grant that requires performance on the part of the Seminary must be processed through established Seminary procedures. A grant from a nongovernmental source that does not require proprietary reporting and has no provisions for intellectual property and publication rights may be counted as a campaign contribution in the name of the Seminary. Government funds will be excluded, except for state government pass-through payments.

Ledger numbers – The Seminary's financial system uses a general Ledger ID code for various funds. Specifically, Fund 18 refers to restricted gift and endowment activities. Fund 31 identifies foundation spending, foundation operating funds, and foundation endowment activities. Fund 19 to Seminary plant funds. Fund 14 are related endowment spending accounts. Finally, fund 11 refers to current spending funds that are useable as funds are available.

Legal (hard) credit – The donor's giving record reflects the actual amount deposited into the account for gifts of cash and securities according to the gift date of record. For irrevocable planned gifts such as charitable remainder trusts, charitable gift annuities, and retained life estates, the donor's giving history is legally credited with the charitable deduction allowed by the Internal Revenue Service (IRS) and reflected on the gift record. For gifts of real estate, life insurance, and other property donations, the donor's giving record is given proper credit with the allowable charitable deduction.

Recognition (soft) credit – The donor's giving record receives recognition (soft) credit when their direct actions result in a gift. Still, they are not entitled to a charitable deduction for the gift. Examples include recognition (soft) crediting an individual for a donation from a charitable gift fund or a community foundation. In addition, a gift is made by their spouse or company if they are the principal owner employer donating matching funds that the Seminary or a Seminary Associated Entity receives because of the individual's gift.

Seminary Associated Entities – Any non-profit organization supporting the Seminary is approved by the Seminary's Board of Trustees.