



GIFT ACCEPTANCE PROCEDURES

I. PURPOSE

The purpose of these procedures is to implement the Gift Acceptance Policy adopted by the Board of Directors of Convoy of Hope (the "Charity"). These procedures describe the types of assets that the Charity will accept and the guidelines to be observed by its staff in accepting and documenting the gift of those assets. These procedures apply to all gifts received by the Charity.

II. SUPERVISION & COORDINATION

Acceptance and documentation of gifts must be under the supervision of the Vice President of Development, in order to maximize the value of those gifts to the Charity, while minimizing costs and risks to the Charity associated with those gifts.

III. ADHERENCE TO POLICIES

Each member of the Development staff of the Charity shall be given a copy of the Gift Acceptance Policy adopted by the Board of Directors of the Charity. These procedures shall be applied by the Development staff in compliance with that Policy. Questions regarding interpretation of the Policy should be directed to the Vice President of Development.

IV. DONOR EXPENSES

A. GENERAL

As a general rule, and except as provided elsewhere in these procedures for specific assets, including real estate, expenses associated with a donor's gift should be borne by the donor. Typical expenses include appraisal fees to substantiate the value of the donor's gift for tax purposes and the donor's legal fees.

B. PAYMENT BY CHARITY

The Charity may, with the prior approval of the Vice President of Development, agree to pay some or all of the donor's expenses associated with the gift following a determination that doing so is necessary to facilitate the gift.

C. ESTABLISHING SINGLE MEMBER LLC AND NONCASH GIFT AGREEMENTS

On a case-by-case basis, the Charity's legal counsel may consider it advisable to receive a noncash gift only in the form of a newly created Single Member Limited Liability Company (SMLLC). In such cases, the Charity's legal counsel should determine whether the donor or the Charity should create the SMLLC.

The IRS could argue that the ultimate recipient of an asset is liable for unpaid taxes, penalties, and interest. If the noncash asset is first placed into a SMLLC by the donor, and then gifted to the Charity, the Charity's other assets are not at risk, even if the gifted assets may be at risk.

IV. DONOR EXPENSES (cont.)

The Charity could also create the SMLLC, and have the donor transfer the asset to the SMLLC.

Legal counsel may also consider creating a gift agreement for the Charity, whereby the donor insulates or protects the Charity from any transferee liability, contractual obligations attached to the owner of the stock, environmental cleanup, and similar types of hidden liabilities. If the donor objects to such an agreement, then legal counsel may advise that the Charity proceed with greater caution or respectfully decline the proposed gift.

V. WRITTEN AGREEMENTS

A. GENERAL

All gift arrangements other than a simple outright gift of cash shall be memorialized in a written document describing the restrictions, if any, imposed on the gift by the donor and other obligations that may be undertaken by the charity with respect to the gift.

B. LEGAL COUNSEL

All gift agreements prepared by the Charity shall be reviewed and approved by the Charity's legal counsel. Once the document is approved, it may then be forwarded to the donor (and his or her advisor) for review. No review or approval by the Charity's counsel shall be necessary if an agreement is contained on a form that has been previously approved by the Charity's legal counsel.

C. SIGNATURES

The following persons are authorized to sign gift agreements on behalf of the Charity: President, Executive Vice President and Vice President of Development.

VI. PLEDGES

A. BINDING COMMITMENT

The Development staff will encourage donors wishing to make their gifts in installments over time to document their commitment to the Charity in a written Pledge Agreement that will create a binding legal obligation on the donor, as well as a claim against the donor's estate if the commitment remains unpaid at his or her death. For donors wishing to retain more flexibility by making their commitment nonbinding, documentation shall be referred to as a "letter of intent" in order to avoid confusion with binding commitments documented as Pledge Agreement. Nonbinding letters of intent shall not be counted as direct gifts. The following guidelines apply to Pledge Agreements in which the donor undertakes a binding legal obligation.

B. DURATION

Unless the Vice President of Development approves a longer period, the Pledge Agreement will specify the installments in which the gift is to be paid over a period not to exceed five years. The Development Department is responsible for recording, acknowledging, billing and monitoring the status of all pledges and payments.

C. MAXIMUM AMOUNT

Pledges payable over more than one year shall be at least \$50,000.

D. DONOR'S ESTATE

Each Pledge Agreement shall provide that any portion of the donor's commitment remaining unpaid at the donor's death shall be a liability of the donor's estate, enforceable by the Charity.

VII. GIFT RESTRICTIONS

A. UNRESTRICTED GIFTS

Donors shall always be encouraged to make unrestricted gifts to the Charity.

B. BUDGETED PROGRAMS OR FACILITIES

The Charity may accept a gift that is restricted as to its use if the Charity's approved budget for the year in which the gift is to be accepted includes proposed funding for a specific program, purpose or facility for which the restricted gift is made. The responsible gift officer must confirm that the gift restriction falls into this category.

C. OTHER RESTRICTIONS

The Charity may accept a gift that is restricted as to use if the Charity's budget for the year in which the gift is accepted does not include funding for the restricted use of the gift, with the prior written approval of the Vice President of Development.

D. VARIANCE POWER

Unless otherwise approved in advance by the Vice President of Development, the Charity will reserve the right, in the document that restricts the use of the gift, to broaden or alter the purpose of the gift should it be determined in the future that the original purpose of the gift no longer meets the needs or serves the mission of the Charity.

VIII. NAMED FUNDS

A. GENERAL

A donor may establish a named endowment fund, subject to the Charity's endowment, investment and spending policies, for general purposes of the Charity or for restricted purposes approved in accordance with these procedures.

B. MINIMUM CONTRIBUTION

A named fund requires a minimum commitment of \$100,000. It may be established with a minimum initial contribution from the donor of \$20,000 if the donor enters into a Pledge Agreement to bring the endowed fund to a minimum of \$100,000.

C. ADMINISTRATION OF NAMED FUNDS

The assets contained within each named endowment fund shall be commingled for investment and administration with the endowment fund of the Charity. All policies applied to those endowment funds, including the formula for spending from endowment funds, shall apply to all named funds.

D. VARIANCE POWER

Unless otherwise approved in advance by the Vice President of Development, the Charity will reserve the right, in the gift agreement creating the named endowment fund, to broaden or alter the restrictions as to the use of the endowment fund, should it be determined in the future that the original restricted purpose of the named endowment no longer meets the needs or serves the mission of the Charity.

E. TERMINATION OF NAMED FUND

A named endowment fund may be terminated if the Board of Directors of the Charity, upon recommendation of the Vice President of Development, or the Executive Vice President, that the market value of the assets remaining within the fund is uneconomically low in relation to the cost of administering the fund. In such case, all remaining assets within the named fund shall be transferred to the general endowment fund of the Charity to be administered pursuant to its terms.

IX. DONOR ADVISORY

The Charity does not provide personal legal, financial, tax compliance or other professional advice to donors. While gift officers may provide the donor with gift illustrations, including calculations, and draft documents prepared or approved by the Charity's legal counsel, donors will be advised in writing, in gift proposals made to donors, to seek the assistance of their own legal counsel or other professional advisors in matters relating to the legal, tax and estate planning consequences of the proposed gift to the Charity.

X. ETHICAL STANDARDS

The Charity is committed to the highest ethical standards. Each member of the Development staff having donor contact shall subscribe to the Model Standards of Practice for the Charitable Gift Planner adopted by the National Committee on Planned Giving and attached to this Gift Acceptance Procedures document. To emphasize the importance to the Charity of this commitment, it shall be made in writing, with a copy maintained in the personnel file of each such Development staff member.

XI. MARKETABLE SECURITIES

A. GENERAL

The Charity will assist in the transfer of custody of marketable securities from the donor (or his or her custodian) to the Charity. If the securities are to be mailed, the stock certificates should be mailed separately from the signed stock power with signature guarantee. If the share certificates are hand delivered, the stock power may be attached. If the securities are in street name, the donor's broker may transfer them to a brokerage account designated by the Charity.

B. RESTRICTIONS

If the donor is a member of the Charity's Board of Directors, or a corporate officer of the Charity, the Development staff person will notify the Vice President of Development for the purpose of determining whether sale of the securities might be restricted under Rule 144 or other provisions of securities law.

C. REPORTING POLICY

Gifts of marketable securities will be accounted for at their value on the date the gift is made, determined by taking the mean between the high and low quotes on the date of the gift.

D. DISPOSITION

The Charity will instruct its brokers that all marketable securities will be sold upon receipt. The Administrator is authorized to override this general rule and direct that the securities should not be sold, following consultation with the Charity's Executive Vice President.

XII. CLOSELY HELD STOCK

A. GENERAL

Stock that is not regularly traded on an established national exchange such as NYSE or NASDAQ may not be accepted without the prior written approval of the Vice President of Development.

B. OPPORTUNITIES FOR SALE

Criteria to be applied in evaluating the closely held stock include the long term prospects for the company and if there is an opportunity for the Charity to sell the stock for cash in the foreseeable future, for example pursuant to a planned sale of the company.

C. SUBCHAPTERS

If the company in question is a Subchapter S corporation, another criteria shall be the UBTI consequences of holding and selling the stock.

XII. CLOSELY HELD STOCK (cont.)

D. MINIMUM AMOUNT

Gifts of closely held stock should be at least \$100,000.

E. CONSIDER SINGLE MEMBER LLC AND NON-CASH GIFT AGREEMENT

XIII. INTERESTS IN PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. GENERAL

Interest in partnerships and limited liability companies may only be accepted with the prior written approval of the Vice President of Development.

B. OPPORTUNITIES FOR SALE

The principal factor to be evaluated by the responsible Development staff person in recommending the gift for approval by the Vice President of Development shall be a determination that the Charity will not incur liability as a result of holding this asset. The Development staff person will review, or request legal counsel to review, the governing documents of the partnership or limited liability company to determine if contribution or Call provisions might require the Charity to contribute funds to the partnership or LLC. Assuming there are no such contribution or Call provisions, the Development staff person must determine that the entity is either a limited liability company or a limited partnership and, if the latter, that the interest which the Charity will receive is a limited partner interest. The Charity will generally not accept general partner interests.

C. UBTI

The Development staff person must evaluate, with assistance from the finance department if required, the possibility that UBTI will be attributed to the Charity as a result of ownership of the interest in the partnership or LLC.

D. MINIMUM AMOUNT

Gifts of partnership or LLC interests shall be at least \$100,000.

XIV. TANGIBLE PERSONAL PROPERTY

A. GENERAL

The Charity may accept tangible personal property gifts valued at \$10,000 or more with the prior written approval of the Development Administrator.

B. RELATED USE

The Development staff person must determine if the tangible personal property would be retained by the Charity for use in its programs. If so, the Development staff person (before recommending the gift to the Vice President of Development for approval) shall determine, with the assistance of the department or office within the Charity that would be responsible for the continuing use of the tangible personal property, the estimated carrying costs, including insurance, storage, curatorial services, maintenance, etc. for the property. The Development staff person shall also evaluate whether any restrictions on use of the property, which are required by the donor, are consistent with the institutional needs of the Charity.

C. UNRELATED USE

If the property will not be retained for use by the Charity, the Development staff person must determine, prior to recommending the gift for approval by the Vice President of Development, a plan for selling the property for cash, including the anticipated time frame and marketing expense for the proposed sale.

XV. LIFE INSURANCE POLICIES

A. GENERAL

Donors shall be encouraged to name the Charity as a primary or contingent beneficiary of their life insurance policies.

B. RECORDING THE GIFT

To be recorded as a gift, a Charity must be named as both a beneficiary and owner of the life insurance policy. The Charity will also record gifts of cash by the donor to use by the Charity to pay premiums on the policy.

XVI. REAL PROPERTY

A. APPROVAL

Acceptance of all real estate gifts requires approval by the Vice President of Development upon recommendation of the Philanthropy Architect.

B. INFORMATION

The responsible Development staff person shall assist the Philanthropy Architect in compiling relevant information regarding the real estate including:

1. The copy of the Deed conveying the property to the donor
2. The copy of the current property tax bill.
3. A preliminary title insurance report.
4. A copy of each promissory note, mortgage, deed of trust or other liens on the property.
5. A copy of each lease of other contract affecting the property.
6. If the property is income producing, a copy of the profit and loss statements for the two most recent years.
7. A summary of current insurance coverage for the property.
8. Copies of correspondence with governmental authorities, tenants or prospective purchasers concerning the property.
9. A current market analysis of the property.

C. ENVIRONMENTAL REVIEW

If after reviewing this information the Philanthropy Architect determines that sale of the real estate is likely to provide proceeds to the Charity of at least \$100,000, the Philanthropy Architect shall determine, based on physical inspection of the property, whether further evaluation of environmental hazards on the property is required to protect the Charity from liability.

D. PHYSICAL INSPECTION

The gift officer or the Philanthropy Architect shall conduct a physical inspection of the property, or arrange for such inspection by a professional inspector, and a written summary of the inspection shall be included in the file documenting the consideration and acceptance of the gift.

E. TITLE INSURANCE

The Charity shall obtain the policy of the insurance protecting its title to the real property received from a donor.

XVI. REAL PROPERTY (cont.)

F. REMAINDER IN RESIDENCE

The Charity may accept the gift of a personal residence subject to the donor's retained life estate. The estimated value of the residence, net of encumbrances, must exceed \$250,000. The retained interest can extend beyond no more than two (2) lives. The gift shall be documented with a deed and life estate agreement approved by the Charity's legal counsel, with the life estate agreement clearly delineating responsibility for expenses of taxes, insurance and maintenance of the property. While the Charity should not accept responsibility for contributions for capital improvements such as plumbing or roof repairs, it should retain the right to perform maintenance or make required repairs if the Charity determines it is necessary to protect its economic interest in the property.

XVII. RETIREMENT PLAN ASSETS

The Charity will accept funds it receives as the designated beneficiary of a retirement plan (for example, an IRA, a 401(k) plan or a defined contribution plan). The Charity should obtain a copy of the executed designation form that the donor has submitted to the Retirement Plan Administrator to name the Charity as the beneficiary.

XVIII. OTHER ASSETS

A. GENERAL

Acceptance of any other type of property as a gift to the Charity shall require the prior written approval of the Vice President of Development.

B. VEHICLES

The Charity will generally not accept direct gifts of automobiles, boats or other vehicles. Instead, the Charity may indirectly benefit from the donor's vehicle gift to qualified charitable organizations that the Charity is affiliated with from time to time. The Development staffperson should contact the Philanthropy Architect for more information.

XIX. CHARITABLE GIFT ANNUITIES

The Charity does not currently offer gift annuities directly. Donors requesting a gift annuity for the benefit of the Charity should contact the Philanthropy Architect to discuss how the Charity can indirectly benefit from a gift annuity issued by qualified charitable organizations that the Charity is affiliated with from time to time.

XX. CHARITABLE REMAINDER TRUSTS

The Charity will encourage its donors to establish charitable remainder trusts providing an irrevocable remainder interest to the Charity, and will assist prospective CRT donors by providing calculations illustrating tax benefits and projecting distributions and by providing a draft of the CRT agreement using a form approved by the Charity's legal counsel.

XXI. BARGAIN SALE TRANSACTIONS

A. GENERAL

Bargain sale transactions other than charitable gift annuities may be accepted by the Charity only with the prior written approval of the Vice President of Development and the Executive Vice President. Since bargain sale transactions require the outlay of funds by the Charity, these transactions should be approved only in very limited circumstances.

B. USE OF ACQUIRED PROPERTY

One such circumstance involves property that the Charity intends to keep for use in its programs, which may be acquired on beneficial terms in a bargain sale transaction.

XXI. BARGAIN SALE TRANSACTIONS (cont.)

C. MARKETABLE ASSETS

In limited circumstance, the Charity may consider bargain sale transactions to acquire property that would not be retained for use in the Charity's programs, if it were determined in the approval process that the property can be sold for cash in a timely manner.

XXII. AMENDMENT

A. PERIODIC REVIEW

The Vice President of Development and the Executive Vice President shall review these procedures every five years to recommend revisions.

B. SPECIFIED REVIEW

These procedures shall be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by the Charity, to assure continued compliance by the Charity with the legislation and rules.

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