Houston Northwest Church

Gift Acceptance Policy

INTRODUCTION

To protect the interests of Houston Northwest Church (hereinafter referred to as "HNW") and the persons and entities who support its causes, these policies are designed to assure that all gifts to, or for the use of, charitable causes are structured to provide maximum benefit to all parties involved.

HNW shall execute no planned giving agreement without the advice of legal counsel. Prospective donors shall be strongly encouraged to seek their own legal and/or tax counsel in matters relating to their charitable gifts, taxes, and estate plans.

The first goal of this policy is to encourage giving to HNW without encumbering HNW with gifts that cost more than the benefit to HNW. The second goal is to avoid gifts that the donor restricts in a manner inconsistent with the goals of HNW.

To facilitate the receipts of gifts and bequests, HNW must be capable of responding quickly and in the affirmative where possible to all gifts offered by prospective donors. Unless stated otherwise, the Stewardship Team intends that these policies apply to all gifts.

I. Gifts of:

A. Cash

1. HNW will accept gifts in the form of cash and checks regardless of amount, both in person and online.
2. Donors shall make all checks payable to Houston Northwest Church and donors shall never make checks payable to an employee, director, agent, or volunteer for the credit of HNW.

B. Publicly Traded Securities

HNW shall accept publicly traded securities. The donor should anticipate that HNW may immediately sell such securities.

C. Closely-held Securities

HNW may only accept closely-held securities upon recommendation by the Stewardship Team, followed by approval of the Elders. The Stewardship Team will review these securities using the following criteria:

1. There is a readily available market for their disposition.
2. Accepting such securities will not create any potential liability to HNW.
3. The closely-held entity engages in no activities that would be inconsistent with HNW objectives.
4. HNW has identified whether the security will generate unrelated business income taxes ("UBIT").

D. Real Property

The Elders and the Stewardship Team must approve in writing all gifts of real estate in advance of accepting the gift.

1. HNW may require that a licensed appraiser issue an appraisal of the real estate before acceptance. The licensed appraiser shall not have any business or other relationship with the donor. The costs of the appraisal shall be borne by the donor.
2. HNW cannot accept any gift of real estate until it is determined that no environmental waste contaminates the property. HNW may require an Environmental Site Assessment. All costs related to the assessment will be borne by the donor.
3. In general, residential real estate located within the state of Texas will be

accepted, unless the Elders and the Stewardship Team shall determine for some reason that the property is not suitable for acceptance.

4. Special deliberation shall be given to the receipt of real estate encumbered by a mortgage, as the administration of such property may give rise to unrelated business income for HNW, as well as payments, taxes and insurance that may burden HNW's finances.

5. The Stewardship Team may choose to accept royalty interests in oil, gas, or other minerals. Before accepting such interests, HNW shall engage legal counsel and other professional advice, where appropriate, to evaluate whether accepting the gift exposes HNW to environmental or other liabilities. All costs related to legal counsel and other professional advice shall be borne by the donor. HNW shall not accept working interests.

E. Tangible Personal Property

1. Jewelry, artwork, collections, and other personal property shall not be accepted unless the employee, agent or volunteer working on behalf of HNW shall have reason to believe the property has a value in excess of $5,000. Such property can only be accepted on behalf of HNW by the Stewardship Team or such other person or persons authorized to do so by the Elders.

2. No personal property shall be accepted by HNW unless there is reason to believe the property can be quickly sold. No personal property shall be accepted that obligates HNW to retain it in perpetuity. No perishable property or property which will require special facilities or security to properly safeguard it will be accepted without prior written approval of the Stewardship Team.

3. Notwithstanding the forgoing, if there is reason to believe personal property has a value of $5,000 or more, it may only be accepted after receipt and review by the Stewardship Team or those empowered to act on its behalf, after an appraisal qualified under the terms of the Internal Revenue Code governing gifts of personal property. All appraisal costs shall be borne by the donor.

F. Other Property

Other property of any description including mortgages, notes, copyrights, royalties, and easements, whether real or personal, shall only be accepted by further action of the Stewardship Team, Elders, or persons duly acting on its behalf.

G. Social Responsibility

In keeping with the mission and goals of HNW, HNW retains the right to refuse the donation of assets that are not compatible with HNW's social responsibilities or that conflict with the mission of HNW.

II. Deferred Gifts

A. Bequests

1. HNW will actively encourage gifts through Wills and Living Trusts.

2. In the event of an inquiry by a prospective donor, representations as to the acceptability of a bequest to HNW shall be made in accordance with this Gift Acceptance Policy only.

3. HNW shall at all times retain the right to refuse a gift from an individual or from an estate when it is not in the best interest of HNW to accept the gift.

4. When HNW is the recipient of a gift from a will or trust, the Stewardship Team and staff finance team shall review the restrictions upon the gift and determine if it is in the best interests of HNW to accept the gift.

5. HNW will not accept a gift that might result in conflict within HNW or confusion as to the utilization of the gift or that might create an undue financial burden upon HNW.

6. When HNW receives an unrestricted estate gift, the Stewardship Team, in consultation with the Elders, shall determine its highest and best use at the time.

7. If HNW has created an Endowment Fund and the unrestricted funds are not needed for the ordinary and everyday expenses of HNW, priority for unrestricted gifts may be as an addition to HNW's Endowment Fund.

B. Life Estate Gifts

1. Donors shall generally not be encouraged to make gifts of a remainder interest in real property in which the donor retains a life estate.

2. This policy is based upon the possibility that the donor may need to sell the home in the future and find that the value of the life estate is a small portion of the value of the property. Such gifts may be recommended for acceptance by the Stewardship Team when the asset involved appears to be a minor portion of the donor's wealth, and the Stewardship Team is satisfied that there has been full disclosure to the donor of the possible future ramifications of the transaction.

C. Gifts of Life Insurance

1. HNW will encourage donors to name HNW as a beneficiary of all or a portion of a person's life insurance policies.

2. HNW will not, however, as a matter of course, agree to accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy will be made after researching relevant state laws to assure HNW has an insurable interest under applicable state law.

3. No insurance products may be endorsed for use in funding gifts to HNW. In no event shall lists of HNW's donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors or HNW. This policy is based on the fact that this practice represents a potential conflict of interest, may cause donor relations problems, and may subject HNW to state insurance regulation should the activity be construed as involvement in the marketing of life insurance.

D. Retirement Plan Beneficiary Designations.

HNW welcomes the opportunity to be named as a beneficiary of a donor's retirement plan. Such designation shall be considered a revocable gift and not recorded as revenue until the designation becomes irrevocable, typically at the death of the donor.

E. Trusts.

HNW welcomes the opportunity to be named as a beneficiary of donors' trusts, such as charitable remainder trusts (CRTs), charitable lead trusts (CLTs), and revocable trust arrangements. However, HNW will not serve as a trustee of any trust and will instead encourage donors to use a professional fiduciary.

F. Charitable Gift Annuities.

HNW does not offer charitable gift annuities.

III. Designated Gifts and Designated Accounts

A. Establishing Designated Funds.

1. Designated accounts may be established, but should only be done so with communication among the Stewardship Team, staff finance team, and Elders.

2. Any donor to HNW may request in writing to the Elders and the Stewardship Team the establishment of a designated account. Once an account is established, HNW may accept funds into that account.

3. The Stewardship Team will advise the length of time the account shall exist during the budgeting process in consultation with the staff finance team. When that time has passed, the Stewardship Team may either recommend to extend the time period for expiration of the account or transfer any remaining funds to the general fund.

B. Disbursing Designated Funds

1. Designated funds may only be spent for the purpose for which they are designated.

2. If, at any time, HNW accepts custody of designated accounts which have not been approved and established in cooperation with the Elders and the Stewardship Team,

and HNW does not intend to use the designated funds for the purpose designated, HNW will return the monies to the donor or contact the donor for permission to transfer the funds to another fund.

C. Notice to Donors.

HNW shall include in fund raising, solicitation materials and donor receipts the following statement:

"All donations are subject to the Gift Acceptance Policy. Houston Northwest Church will treat the donor's designations as suggestions unless the Stewardship Team, Elders, or other authorized representative of HNW has approved of the designations before receiving the gift. The Gift Acceptance Policy is available online at www.hnw.org /give."

IV. Miscellaneous

A. HNW employees and volunteers shall not provide legal, accounting, tax, or financial advice to donors or prospective donors.

B. No finder's fee or commission shall be paid to anyone as consideration for directing a gift to HNW.

C. HNW may seek the advice of legal counsel when considering certain gifts. The donor may be asked to share the costs of such advice, at the discretion of the HNW Elders. Generally, legal counsel will be sought in connection with gifts involving:

1. Closely-held stock, and particularly when the stock is subject to restrictions or buy-sell agreements;

2. Gifts involving contracts that bind HNW, such as bargain sales or real property with a mortgage attached;

3. Gifts of patents, intangibles, and intellectual property;

4. Transactions with potential conflicts of interest; and

5. Other instances at the discretion of the Elders and/or the Stewardship Team, except that HNW shall always seek the advice of legal counsel when accepting a gift outside the parameters of these Gift Acceptance Policies.

D. It is the responsibility of the donor to secure an appraisal of a gift to HNW, when an appraisal is necessary.

This policy was adopted by a resolution of the members on the day of August 28, 2024.