

THE SHEPHERD'S CENTER OF KERNERSVILLE, INC.
GIFT ACCEPTANCE POLICY

Introduction

This policy has been formulated to guide persons in gifts solicitation for The Shepherd's Center of Kernersville, Inc. It is to be considered the official policy of the Board of Directors (hereinafter referred to as, "the Board"). It is important to recognize the distinction between valuation of a gift for counting toward the fundraising goals, and the value of a gift for tax purposes or for inclusion as assets of The Shepherd's Center of Kernersville, Inc. Standard accounting principles will govern in all matters related to the accounting practices of The Shepherd's Center of Kernersville, Inc.

Acceptance of Gifts

Final acceptance of all gifts will rest with The Shepherd's Center of Kernersville, Inc.'s Board. Questions about the acceptance of individual gifts should be submitted to the Executive Director and Board Chair for review, and should the Board deem it appropriate and/or necessary, for further review by the Planned Giving Committee.

Implementation

Once a gift is approved by the Board, the acceptance process of any gift to The Shepherd's Center of Kernersville, Inc. may be delegated by the Board to an appropriate committee or subcommittee, such as the Planned Giving Committee.

Documentation and Reporting of Gifts

All gift, pledge and deferred gift commitments will require formal documentation before being recognized and counted toward the fundraising totals. Such documentation usually will be a signed and dated pledge form, letter of intent (the form of which has been recommended by the Planned Giving Committee and approved by the Board), or a letter of confirmation from The Shepherd's Center of Kernersville, Inc. to the donor.

Outright gifts should be reported when assets are committed to The Shepherd's Center of Kernersville, Inc. Life income agreements as estate gifts should be reported when assets are transferred in favor of The Shepherd's Center of Kernersville, Inc. Estate gifts should be reported when a letter of intent is filed.

All gifts and pledges properly documented and falling into the categories by these standards shall be reported as follows:

- a total of outright gifts and pledges
- a total of estate gifts
- the grand total of all gifts, outright and deferred

Tax Aspects of Giving

Tax valuation and reporting requirements are complex subjects, and donors should be encouraged to seek the advice of competent tax experts to obtain the maximum tax benefit from their giving. It is important to note, however, that the tax benefit of gifts made during the donor's lifetime may reduce income taxes, inheritance taxes, and/or estate taxes. Questions of a general nature concerning taxes should be referred to the Board's treasurer. Specific tax advice should not be offered by representatives of The Shepherd's Center of Kernersville, Inc.

Valuation of Gifts

The value assigned for a gift may have little or no relation to the value prescribed for tax reporting purposes. Valuation of gifts for reporting purposes will be as described below.

Gift Vehicles

1. **Cash.** Gifts by cash or check will be credited to the outright gifts goal at face value.
2. **Pledges for future payments of cash or equivalent.** Pledges payable in full during the five years following the date of the pledge will be credited to the outright gifts goal. Pledges payable over more than five years will be credited to the goal after review by the Board.
3. **Marketable securities.** Securities traded on the New York Stock Exchange or the NASDAQ National Market will be accepted as outright gifts or payments toward pledges. Such gifts will be valued at the average market value on the date of the gift, and credited to the outright gifts goal of the organization. Such gifts shall be liquidated immediately following the receipt thereof.
4. **Closely-held securities.** Securities not included in "marketable securities" as defined above may be accepted at the discretion of The Shepherd's Center of Kernersville, Inc.'s Board, and must be accompanied by an independent qualified appraisal for the donor.
5. **Tangible personal property.** Gifts of tangible personal property will be accepted under conditions to be determined after approval of the Board, and will require an independent appraisal of the value of the gift.

If restrictions are imposed by the donor on the use or disposition of the gift, it will be accepted only if any expenses required by the restrictions are underwritten by the donor or are determined to be reasonable by the Board.

6. **Real estate.** Outright gifts of the donor's entire interest in a property, or gifts with a reserved life interest by the donor, will be accepted under conditions to be determined after approval of the Board. The fair market value of the gift of real estate will be determined by an independent appraisal obtained by the donor. Gift real estate must be tested to be in conformity with state and federal laws, including EPA regulations; the donor must provide satisfactory evidence of environmental compliance. Gifts

subject to a reserved life estate shall include an obligation on the part of the life tenant to bear all expenses connected with the property during the life tenancy. Specific requirements and/or documentation required in connection with gifts of real estate to The Shepherd's Center of Kernersville, Inc. are attached to this Gift Acceptance Policy as "Exhibit A," and are incorporated herein by reference.

7. **Corporate matching gifts.** Gifts received in cash from corporations or organizations to match gifts by individuals associated with that corporation or organization will be credited to the individual donor's gift record. A pledge from an individual is considered a personal obligation of the donor, even though matching gifts, when available to the donor, can be used as payments toward that pledge.
8. **Gifts in-kind.** Gifts in-kind for which donors are eligible for a charitable gift deduction in accordance with current IRS regulations should be reported at the fair market value placed on them by an independent, expert appraiser. Only those gifts in-kind which can be converted to cash, or items such as equipment, books, artwork, etc., that would be purchased for a The Shepherd's Center of Kernersville, Inc. building project or related use should be counted toward the goal.
9. **Bequests.**
Outright Gifts: Distributions from estates and trusts actually received by The Shepherd's Center of Kernersville, Inc. during the pledge period will be counted toward the outright gifts goal if the distributions are to be used for fundraising objectives. Distributions expected to be received may be counted if confirmed in writing by executors or trustees.

Estate Gifts: Newly established or newly confirmed bequests will be counted toward the estate gifts goal.

In all cases, proper documentation of bequests will be constituted by formal letter of intent, completion of the "Estate Gifts Form," which shall be as approved by the Board, and/or by actual copies of wills or excerpts from supported by accompanying statements stipulating the bequest's estimated amount and purpose.

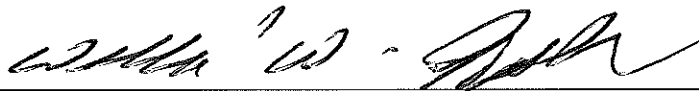
10. **Life insurance.** Gifts of new or existing permanent life insurance policies naming The Shepherd's Center of Kernersville, Inc. as the owner and irrevocable beneficiary of the policies will be credited to the deferred gifts goal as follows:
 - The cash value of paid-up policies on the date of the assignment
 - The cash value plus the total amount of premium payments made during the period on those policies not yet paid-up
 - Newly established policies on which the donor pledges to make premium payments

11. **Charitable remainder annuity trusts and unitrusts; charitable gift annuities.** Gifts made to establish charitable remainder trusts naming The Shepherd's Center of Kernersville, Inc. as beneficiary will be credited to the deferred gifts goal.

12. **Charitable lead trusts.** Charitable lead trusts provide for payment of trust income to The Shepherd's Center of Kernersville, Inc. for a fixed period with the assets ultimately being returned to the donor or his/her designee. Income from a charitable lead trust may be assigned by the donor. When a lead trust commitment is made, The Shepherd's Center of Kernersville, Inc.'s staff will recognize toward the outright gifts goal the full estimated value of lead trust payments to be made to The Shepherd's Center of Kernersville, Inc. during the pledge period.

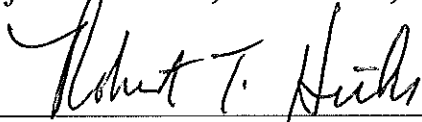
13. **Bargain sales.** A "bargain sale gift" is one in which The Shepherd's Center of Kernersville, Inc. is provided the opportunity to purchase property at less than its fair market value. Such gifts will be valued at fair market value less all purchase, holding and resale costs incurred by The Shepherd's Center of Kernersville, Inc.'s staff. Acceptance of such gifts will be subject to the same appraisal rules applied to gifts of real or personal property, and will be accepted under conditions to be determined and approved by the Board.

This Gift Acceptance Policy is hereby recommended for approval by the Board of The Shepherd's Center of Kernersville, Inc. on this, the 9 day of JUNE, 2014.



Willis W. Apple, Chairman, Planned Giving Committee

This Gift Acceptance Policy is hereby approved by the Board of The Shepherd's Center of Kernersville, Inc. on this, the 9 day of June, 2014.



*Robert Hicks, Chairman, The Shepherd's Center of Kernersville, Inc.
Board of Directors*

EXHIBIT A
THE SHEPHERD'S CENTER OF KERNERSVILLE, INC. GIFT ACCEPTANCE POLICY
GIFTS OF REAL ESTATE

1. ***Types of Gifts Contemplated.*** Gifts of real property, including, but not limited to, improved and unimproved land, single family dwellings, apartment buildings, condominiums, office buildings, farms, ranches, leasehold interests and gifts subject to a retained life estate shall be considered.
2. ***Requirement of Review and Acceptance by Donee.*** Gifts of real estate must be reviewed and approved by the Board of Directors (hereinafter referred to as "the Board") of The Shepherd's Center of Kernersville, Inc. before acceptance, in accordance with the criteria established herein.
3. ***Approval/Acceptance Process.*** A written summary of the proposed gift shall be prepared by the Executive Director and reviewed by the Board of Directors of The Shepherd's Center of Kernersville, Inc., and by any committee or subcommittee the Board shall deem appropriate and necessary to examine issues pertinent to the specific gift and make recommendation(s) to the Board, prior to acceptance of the gift. The summary shall include the following:
 - A description of the property;
 - Purpose of the gift;
 - Appraisal of the property;
 - Environmental risks or problems revealed by an audit or survey;
 - Income/expenses, encumbrances, carrying costs; and
 - Special arrangements for disposition requested by the Donor.

The Executive Director will communicate, in writing, the decision to the Donor including any condition for acceptance of the gift.

If a gift of real property is approved, the Executive Director will acknowledge receipt of the gift upon notice the property has been properly recorded in the local county records. The organization shall not appraise or assign a value to the gift property. It is the Donor's responsibility to establish a value for the gift and to commission and pay for the qualified appraisal required by the IRS.

The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees and, if deemed necessary, a current survey, title insurance and/or an attorney's title opinion, shall be paid by the Donor.

If the value of the gift is greater than \$5,000 the form shall be sent to the Executive Director for completion and signing of the Donee section.

4. ***Market Value/Marketability.*** The Donor shall provide a current value of the property and the value of the interest in the property which shall be realized if the gift is approved. It shall be communicated to the Donor that all gifts of real estate shall be disposed of as

expeditiously as possible. Regardless of the value placed on the property by the Donor's appraisal, the property shall be sold at a reasonable price taking into consideration current market condition.

5. **Appraisal Requirement.** The Donor is responsible for obtaining an M.A.I appraisal of the property satisfactory to The Shepherd's Center of Kernersville, Inc. The cost of the appraisal should be borne by the Donor. The appraisal must be addressed to The Shepherd's Center of Kernersville, Inc.
6. **Requirement of Visual Inspection of Property.** Prior to presentation to the Board of The Shepherd's Center of Kernersville, Inc., and to any committee or subcommittee the Board shall deem appropriate and necessary to examine issues pertinent to the specific gift and make recommendation(s) to the Board, a member of the staff must conduct a visual inspection of the property. If the property is located in a geographically isolated area, a local real estate broker can substitute for a member of the staff in conducting the visual inspection.
7. **Documentation Requirements.** Prior to presentation to the Board of The Shepherd's Center of Kernersville, Inc., and, if deemed appropriate and/or necessary by the Board, to any committee or subcommittee the Board shall deem appropriate and necessary to examine issues pertinent to the specific gift and make recommendation(s) to the Board, the Donor must provide, at least, the following documents:
 - Real estate tax bill
 - Current Plat of Survey
 - Copy of any attorney's title opinion(s) provided to the Donor and or his lender(s), and pertaining to the real property contemplated for the gift
 - Current owner's title policy or title commitment
 - Substantiation of zoning status
8. **Encumbrances/Restrictions.** All mortgages, deeds of trusts, restriction, reservations, easements, mechanic liens and other limitations shall be disclosed. No gift of real estate shall be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.
9. **Environmental Assessment Requirement.** Prior to presentation to the Board of The Shepherd's Center of Kernersville, Inc., a Phase I Environmental Site Assessment addressed to The Shepherd's Center of Kernersville, Inc. must be presented reflecting the current environmental condition of the real estate.
10. **Costs to be Borne by Donor.** Depending on the value and desirability of the gift, the Donor's connection with The Shepherd's Center of Kernersville, Inc., and the Donor's past gift record, the Donor may be asked to pay for all or a portion of the following:
 - Costs of environmental remediation
 - Maintenance costs
 - Real estate taxes
 - Insurance

- Any other carrying costs, including but not limited to association dues, membership fees, and transfer charges shall be disclosed. In the case of a life estate, the Donor shall be responsible for all carrying costs.
 - Title insurance premiums
 - Survey costs
 - Real estate broker's commission and other costs of sale
 - Appraisal costs
11. ***Authority of Board to Waive Documentation and/or Cost Requirements.*** The Board, in its sole discretion, may elect to waive any one or more of the above documentation requirements, and/or Donor payment of costs specified above, if it deems such waiver to be appropriate, necessary and/or in the best interest of The Shepherd's Center of Kernersville, Inc.
 12. ***Disposition.*** The Executive Director and/or designee shall dispose of all gifts of real property and prepare a financial summary of net proceeds and distribute to the Board of Directors of The Shepherd's Center of Kernersville, Inc. All expenses connected with carrying, maintaining and selling of property shall be the responsibility of the organization.
 13. ***Board Authority to Retain Real Estate Donated for Use by Donee.*** The Board, in its sole discretion, reserves the right to retain any such gift of real estate if said real estate is contemplated for actual, continuing use of The Shepherd's Center of Kernersville, Inc. in the course of the fulfillment of its established mission (*e.g.*, for use in connection with a new facility for The Shepherd's Center of Kernersville, Inc.).
 14. ***Donee's Internal and Accounting Valuation of Gift.*** In the event the Board of Directors agrees to accept the real estate, for The Shepherd's Center of Kernersville, Inc.'s internal gift crediting and accounting purposes, the value of the gift will be the appraised value of the real estate.
 15. ***Responsibility for Submission of Required Forms/Documents.*** Once a gift of real estate is accepted by the Board, both the Donor and the Donee shall each be responsible for the timely completion and submission of any required appraisals, forms and/or other documents required to be submitted by the Donor and/or the Donee, respectively, to any government agency, including (by way of example only) the IRS Form 4282 and any equivalent North Carolina Department of Revenue form.
 16. ***Unilateral, Unapproved Gifts.*** In the unlikely event that a potential Donor of real estate unilaterally, and without prior written acceptance of the specific gift by the Board, takes action to convey, and/or in fact, does purportedly convey such a specific gift of real estate (*e.g.*, by recording a deed) to The Shepherd's Center of Kernersville, Inc., the Board reserves the right to, and may in fact, take such action as it may deem necessary and appropriate to undo or set such a unilateral transaction aside, including but not limited to conveyance by deed of the specific parcel of real estate back to the original grantor or purported Donor. Any instrument which proves necessary to accomplish this reversal of the purported gift shall include appropriate language explaining the reason(s)

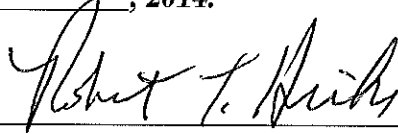
and the authority by which the reversal is being accomplished (e.g., "by authority of the formally adopted Gift Acceptance Policy of The Shepherd's Center of Kernersville, Inc.")

This Exhibit A of the Gift Acceptance Policy is hereby recommended for approval by the Board of The Shepherd's Center of Kernersville, Inc. on this, the 7 day of JUNE, 2014.



Willis W. Apple, Chairman, Planned Giving Committee

This Exhibit A of the Gift Acceptance Policy is hereby approved by the Board of The Shepherd's Center of Kernersville, Inc. on this, the 9 day of June, 2014.



*Robert Hicks, Chairman, The Shepherd's Center of Kernersville, Inc.
Board of Directors*