

FIRST BAPTIST CHURCH, VANCOUVER, BC

GIFT ACCEPTANCE POLICIES AND GUIDELINES

First Baptist Church *Mission:*

A Community following Jesus with a Heart for the City and Beyond.

I. Purpose

The purpose of these Gift Acceptance Policies and Guidelines is to ensure consistency with gifts and donors of First Baptist Church (FBC or 'church') in the support of the mission of FBC.

Policies adopted on May 11, 2011 by the FBC Church Leadership Team (CLT).

II. Introduction

First Baptist Church relies on financial gifts from individuals or organizations or foundations to carry out its work and ministry.

FBC Legal Name:

The First Baptist Church of Vancouver, 989 Burrard Street, Vancouver, BC V6Z 1Y1.

Contact Information:

1. ENVELOPE SECRETARY: The person in this role facilitates giving to FBC. He|she may be contacted by phone to the Church Office at 1.604.683.8441 or by email at envelopesecretary@firstbc.org.
2. CHAIR, CLT: Moderator: by phone to the church office: 1.604.683.8441 or to moderator@firstbc.org.

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A. ACCOUNTING STRUCTURE

FBC has adopted the restricted fund method of accounting of its operations. Under this method, all of the revenue (primarily gifts¹) and expenses relating to the church's operations and activities that are regularly carried out in support of, assets used in and liabilities arising out of its mission are accounted for in the General Operating Fund. Gifts subject to a donor's designation or restriction as to use, or other special approved projects or activities, *outside of the General Operating Fund (Budget)* are accounted for in Special or Restricted Funds.

a) General Operating Fund (Budget)

All unrestricted and restricted gifts to the Church Budget (including those that may contain a designation indicating an approved or budgeted church program [e.g. Shelter or Family camp] will be treated and recorded as gifts to the General Operating Fund.

CLT may approve new *recurring*² initiatives, projects, activities or programs for the church annual operating budget, from time to time, and thereby approve such gifts.

Designated gifts for a budget item will be treated as gifts to the general operating fund.

Designated gifts for non-budget items, or non-recurring initiatives, projects, activities or programs will be recorded separately under each of those projects. Where designated gifts exceed the total cost of such items, the excess of the gifts will be transferred to the general operating fund.

b) Special or Restricted Funds

Special or Restricted Funds may be established³, from time to time, following CLT approval⁴.

¹ The Envelope Secretary is responsible for the receiving and processing of donations to FBC.

² Non-recurring initiatives, projects, activities or programs may not be included in the operating budget, and may require CLT approval.

³ At March 10, 2011:

- | | |
|--------------------------------|--|
| 1. Ministers' Housing Fund | (for support of housing for ministers); |
| 2. Benevolence Fund | (for gifts of benevolence as identified from time to time); |
| 3. Capital Fund | (for gifts relating to acquisition and maintenance of capital assets) |
| 4. Sanctuary Instrument Fund | (for acquisition of specific items i.e. piano) |
| 5. Nelson Street Property Fund | (to account for income and expenses of 1021 Nelson Street property) |
| 6. Property Development Fund | (for development of church property) |
| 7. General Designated Fund | (for other approved purposes; e.g. designated charitable organizations approved to receive special offerings taken at Easter, Thanksgiving or Christmas; approved restricted funds arising from receipt of a bequest containing restrictions on its use by donor). |

Special or Restricted Funds may receive additional funds, from time to time.

Special or Restricted Funds may include Endowments.

B. DONATIONS

1. Definition of Gift

A receiptable⁵ gift to a Canadian registered charity (FBC is a registered Canadian Charity) must satisfy all the following conditions to be of bona fide intention:

- Some property, commonly cash, is transferred by a donor;
- The transfer is voluntary;
- The transfer is made without expectation of return or benefit; there is no consideration or benefit of any kind to the donor or to any person designated by the donor.

a) Planned Gifts

Planned Gifts are gifts that generally require the consultation with another person ie. a professional advisor and/or a review of personal assets, and may be established for tax benefits. A planned gift⁶ may be an outright (current), or deferred gift.

b) Gifts of Service

Canada Revenue Agency (CRA) legislation prohibits an organization from issuing a charitable receipt for a gift of service. Where a donor wishes a tax receipt for a service rendered, the person may be paid an agreed-to amount for the service rendered and then may, in turn, donate the amount (or portion) back to FBC through normal processes.

⁴ CLT's approval of the new special fund is required before any gifts can be received earmarked for that new fund.

⁵ The following are examples of payments or contributions **not considered** receiptable gifts:

- payment of a basic fee for admission to or participation in an event, program or project.
- payment for study guides or other printed materials.
- contributions of services (i.e.; time, skills, effort)
- gifts of property where its cost has been or should be charged as a business expense. For example, a transfer of merchandise or supplies to FBC in consideration of a right, privilege, material benefit or advantage such as promotion or advertising for the contributor will not be a gift.
- gifts of old clothes, furniture, home baking, etc.
- gifts directed to a specified person or family. However, gifts subject to a general direction from the donor that the gift be used in a particular program operated by the church are acceptable provided that benefit does not accrue to the donor, the directed gift may not benefit any person not dealing at arm's length with the donor, and decisions regarding utilization of the donation within a program rest with FBC.
- Gifts directed to an external organization that is not a registered Canadian charity or not-for-profit.

⁶ Donors are strongly encouraged to seek the advice of their legal counsel, and/or investment advisors before making planned gifts to FBC.

2. Donor Anonymity

FBC will maintain anonymity of a donor, to this extent:

- Records, as required by law, will be maintained by FBC, with restricted access.
- FBC will comply with any legal obligation to disclose the names and details of donors and gifts, under the Income Tax or relevant statutes.
- Donor identity, on a case-by-case basis, may be disclosed to the CLT by special motion of the CLT. Such information, if requested, is privileged and confidential, and will not appear in the minutes of the meeting.
- Prospective donors requesting anonymity shall be advised that their gift details will be disclosed as outlined above.
- The donor will be advised of any specific CLT request for their information, as and if, it occurs.

3. Gift Types

FBC members and adherents (attendees) routinely support the mission of the church with charitable gifts - property⁷ that is readily marketable at reasonable costs.

These common gifts include (though are not limited to):

- a) Cash or cheques
- b) Listed Securities
- c) Bequests
- d) Life insurance proceeds
- e) Real estate property
- f) Gifts-in-kind (Other)

a) Cash or Cheques

Cash or cheques are usually received in one of several methods which include: Sunday service collection/offering⁸, pre-authorized payment (PAP)⁹, and/or in person to the office clearly marked for the attention of the 'Envelope Secretary' or by other methods as may be determined from time to time.

b) Listed Securities

Gifts of listed securities¹⁰ include shares, bonds, bills, warrants, futures, and/or units of mutual funds.¹¹

To transfer shares, the donor instructs his|her broker or investment advisor to transfer the selected securities to the FBC share account:

⁷ Charitable Gift Receipts have various tax benefits to the donor (1) during their lifetime for their annual tax returns or (2) upon death to their estate returns.

⁸ Contact Envelope Secretary.

⁹ Contact Envelope Secretary.

¹⁰ Key tax benefit is NO taxes payable on the capital gain of the shares.

¹¹ Shares of private companies are not accepted.

Account No: 828-00826-1-4
Address: RBC Dominion Securities (RBCD), 666 Burrard Street, Suite
2500, Vancouver, BC V6C 3B1.

At the time of transfer it is requested that the donor advise the Envelope Secretary of the transfer, with name(s) of securities being transferred and the value, so that the gift may be properly recorded and receipted.

The value of the receipt for a gift of listed securities is generally the value of the shares at the close of business the day the shares enter the RBCD FBC's share account.¹²

c) Bequests

A bequest is a gift that is made through the donor's will, or trust, and is payable to "The First Baptist Church of Vancouver" according to the terms therein. A bequest may be a fixed amount stated in the will or a percentage from the estate, or from the estate residue.

As the needs and programs of FBC change from time to time will gifts should be as unrestrictive as possible.¹³

Unrestricted bequest gifts are directed to the Bequest Fund, which is part of the General Designated Fund; the use of which is at the discretion of the CLT.

The acceptance of any restricted bequest requires the approval of CLT.

'Power to Vary Purposes' Clause

This is the clause to use if you wish to designate or restrict your bequest as to 'use or purpose' (Over time the needs of the church may change, such as new programs, or changes within a program, or a focus):

'In the event future circumstances render the specific use for which my gift is intended impossible or impractical, then I authorize the FBC CLT to amend the purposes for which my gift shall be used with such changes to be consonant with the spirit and general intent of my gift.'

d) Gift of Life Insurance Proceeds

Tax receipts from life insurance gifts (or other instruments such as charitable gift annuities) may provide numerous benefits to a donor, such as: provide tax credits for use by the donor today, by the estate tomorrow to offset taxes payable on the estate or to replenish the estate due to a sizable charitable gift made prior to death or within the will.

There are various methods by which a life insurance policy may be contributed to FBC:

i) New Policy

¹² FBC instructs RBCD to sell the shares as soon as possible upon receipt.

¹³ If FBC cannot fulfill the wishes and intents of a donor, it may result in the gift being declined by the church.

- a) Commence a life insurance policy in the name of FBC as owner and beneficiary.
- b) A donation tax receipt will be issued for: 1) the amount of the annual paid premium, upon the donor providing written documentation to FBC including receipt confirming the premium has been paid.

ii) Existing Policy

For a charitable tax receipt today, the donor irrevocably transfers ownership of a policy to FBC and FBC is named the sole beneficiary.

Donors would seek the services of their professional advisor to effect this transfer of ownership. The procedure would usually require the completion of a 'Change of Ownership Form', which will usually require the signatures of the donor, the insurer as well as two authorized representatives of FBC.

The value of the tax receipt equals the cash value of the policy, plus any accumulated dividends, minus any outstanding loans.

NOTE:

*If premiums are still being paid on the policy, the donor continues to pay the annual premiums for which he/she receives an annual tax receipt.

*If the policy is straight term insurance, or if the policy has no cash value, a donation receipt will be issued for the annual paid premium.

iii) Beneficiary

Options:

1. Name "The First Baptist Church of Vancouver" as a primary or successor beneficiary of the proceeds.
When ownership is *irrevocably* assigned to FBC, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid.
2. Name "The First Baptist Church of Vancouver" as the beneficiary
The charitable tax receipt is issued to the donor's estate upon receipt of the proceeds. The donor retains the right to change the beneficiary at any time.
3. Name "The First Baptist Church of Vancouver" as the contingent beneficiary
In this case, FBC is named as the contingent beneficiary, should the primary beneficiary(ies) predecease the policy holder. The charitable tax receipt will be issued to the estate of the donor upon receipt of the proceeds. The donor retains the right to change the contingent beneficiary at any time.
4. Name the estate as beneficiary and give the proceeds to FBC
In this case, the donor names the estate as beneficiary of a life insurance policy, and then makes provisions in the will to bequeath an equal amount to FBC. The estate will receive the charitable tax receipt.

e) Real Estate Property

Real estate gifts may include land, detached single-family residences, condominiums, apartment buildings, rental property, commercial property, and farms.

Due to the complexity of the property, the approval by CLT is required before any gift of real estate can be accepted.

To assist the CLT in its decision, the following information is required on the proposed gift to the Envelope Secretary:

- i) Full title information including survey of the property
- ii) Location of property
- iii) Any limitations or encumbrances on the property (mortgages, deeds of trust, restrictions, reservations, easements, mechanics liens and other limitations of record)
- iv) Any carrying costs (property taxes, insurance, strata fees, etc)
- v) Any recurring income earned from the property
- vi) A reasonably current appraisal of the property
- vii) A copy of the insurance policy on the property
- viii) Any environmental concerns and copies of environmental audits, if available.

The following considerations, and others as required, will help to determine if a real estate gift should be accepted:

- (i) A professional with real estate experience must be appointed to make a site visit to examine the property, indicate its estimated value and note any potential problems associated with it.
- (ii) The property's potential for use by FBC should be determined
- (ii) The property's potential for resale should be determined
- (iii) The property should be examined with respect to any environmental hazards, risks and liability.

If CLT authorizes the acceptance of a real estate gift, the donor must discharge at his or her own cost all mortgages, deeds of trust, liens, and other encumbrances before the transfer can be effected. An independent appraiser will determine the value of the property for tax receipt purposes.

f) Gifts-in-Kind

Gifts-in-kind are personal property, which may include works of art, books, coin collections, jewelry, equipment, cars, boats, and any other personal property.¹⁴ The acceptance of gifts-in-kind will be decided on a case-by-case basis¹⁵, by CLT (gift acceptance committee). For Gifts-In-Kind contact the Envelope Secretary and provide details of the proposed gift such as description, value, independent appraisals (required and at the expense of the donor), any restrictions on the use, display, or sale of the

¹⁴ A gift-in-kind does not include the gift of services.

¹⁵ Property of little or only nominal (less than \$100) value to FBC will not qualify as a gift in kind. Used clothing and old furniture or computers would be examples of non-qualifying gifts.

property and any other information, which will assist in the evaluation of the property by FBC for acceptance.

Any proposed gift-in-kind will be examined with respect to its financial value, the cost of an additional and independent appraisal of its value if required, its potential use by FBC and any restrictions on its use, any costs relating to its maintenance, insurance, management or taxes, any restrictions on its re-sale, and whether the item can be easily sold without incurring significant costs, and other measures as may arise from time to time.

The acceptance of any gift-in-kind will be decided by CLT. The value of any gift-in-kind accepted by CLT will be determined in the following ways:

*if the value of the gift is below \$1,000, its value for tax receipt purposes will be determined by the FBC staff person responsible, and who is competent and qualified or, in the absence of this staff person, by other delegated person for this purpose; or

*if the value of the gift is above \$1,000, its value will be determined by an independent, professional appraiser. The cost of the appraisal will be borne by the donor.

4. Gift Methods

a) Sunday Service Collection/Offering

Gifts may be deposited directly into the collection plate each Sunday, and other church services from time to time. (Offering envelopes, primarily for gifts over \$25 requiring a charitable tax receipt are available in two ways: either one from the pew rack that is completed by hand or, for regular church budget contributors, convenient numbered envelopes upon request from the envelope secretary).

Office Procedural Guidelines

When the collection has been received, it is delivered to the church safe in the church office by two persons. The safe requires two combinations to open and both individuals who deposit the money into the safe must have one of the two combinations. At no time must the collection be left with one individual. It must always be in the care of two individuals before it is deposited into the safe.

The tellers, who count and deposit the collection at the bank, will remove the collection from the safe and count it in a locked room. A list is prepared which lists each envelope number, the amount and notes whether the offering is cash or cheque. This list is given to the Envelope Secretary for recording of the gifts. Two of the tellers will make the deposit at the bank.

b) Pre-authorized payment (PAP)

Gifts may be made via pre-authorized debit to a bank account or a charge to a credit card (VISA or MasterCard). An authorization form, is available from the Envelope Secretary in the church office.

5. Designated Gifts

Designated donations are gifts that have restrictions or designations attached to them, usually for a specific purpose use.

Designated Gifts for FBC Budget items are readily received into the General Operating Fund. It is FBC's practice that only gifts designated for programs, projects or activities that fit within the mission and purposes of FBC and approved by CLT will be accepted.

It is intended that each gift designated toward a CLT approved program or project will be used as designated.

When the program or project has been completed and its needs or goals have been met, or where the project cannot be carried out or has completed, the distribution of all, or part, of the gift will be at the discretion of the CLT.

Designated Gifts For FBC non-Budget items require prior CLT approval.

If a donor wishes to make a designated contribution with a stipulation that it be used for a program or project that is neither part of the church's annual budget nor one of the approved special or restricted funds, the donor should, before the transfer of any funds to FBC, request CLT's approval. This request may be directed to the Treasurer and should show the reasons for the designation and why the designated purpose is needed, the activities that are to be funded by the gift, and how this designation and activities further the church's mission.

a) Special or Restricted Funds (See A.b above)

The CLT may, prior to any such approval of the request, set terms and conditions it deems necessary and appropriate, including: approved activities or expenses of the new designated fund, appointment of overseer to the activities of the fund, amounts and procedures for disbursement of funds from the fund, any reporting requirements, conditions under which the fund may be closed, and how-to disposition of funds left in the fund after the fund is closed.

It is FBC's policy that designated gifts will be used solely for the stipulated purpose of the designated fund. However, when the purpose or project has been completed, or the special restricted fund has been closed, or the purpose of the special restricted fund cannot be completed as originally planned, the remaining capital will be distributed at the discretion of the CLT.

Disclaimer Clause for Designated Special Restricted Fund Agreements

Though FBC has a preference for unrestricted gifts it may accept gifts, which are restricted and will include this clause in any fund agreement:

'In the event future circumstances render the specific use for which my gift is intended impossible or impractical, then I authorize the FBC CLT to amend the purposes for which my gift shall be used with such changes to be consonant with the spirit and general intent of my gift.'

The list of the currently approved special or restricted funds is set out in the section A.b above.

b) Short-term Mission Trips or Projects

From time to time, FBC may be involved in a short-term mission trip or project and, usually with these projects, fundraising is required. The following sets out FBC's policies and procedures with respect to receipt and recording of gifts marked specifically for these projects, in particular, the issuance of donation tax receipts for the gifts.

In order for gifts marked for these projects to be treated as gifts to FBC and, thus, eligible for issuance of a donation tax receipt, the project must be an approved project of FBC.

To obtain FBC Short-Term Mission Trip or Project Approval Guidelines

To obtain CLT's approval of a short-term mission trip or project, the following must be submitted to CLT for review:

- the objectives of the trip or project and how they meet FBC's mission, goals and purposes,
- a detailed budget of the project, and
- the team leader of the project
- the person to whom he or she reports, and
- the number of participants.

At the conclusion of the project, a report to CLT must be submitted containing the following:

- the objectives and whether and how they were met, and
- a detailed financial report with variances from the budget explained.

FBC will receive gifts marked for a particular approved trip or project under the following terms and conditions:

- all gifts must be made out to FBC,
- the gift must specify the trip or project, but not an individual or individuals participating in the trip or project,
- donation tax receipts will not be issued for any amounts received that specify that the money be given to an individual or individuals participating in the trip or project,
- in cases where participants are set a fund-raising goal to assist in the funding of the project:
 - (i) all funds received are treated as gifts to FBC designated for the trip or project and not for the individual;
 - (ii) funds raised by a participant that exceeds the individual's fund-raising goal will not be passed on to the individual but will be used for the project;
 - (iii) funds raised by an individual who subsequently withdraws from the trip or project will not be refunded but will be used for the project,
- if participants are required to contribute a certain amount in order to participate in the trip or project with FBC committed to the balance of the project cost, the initial contribution by each participant in the project will not be considered a gift to FBC and a donation tax receipt will not be issued for the initial contribution,
- gifts marked for a trip or project will be recorded separately and the funds

will be used solely towards that trip or project but when the costs of the trip or project has been met or the trip or project cannot be completed as originally planned, the remaining unused gifts received for that trip or project will be transferred and used at the discretion of the CLT, on a next similar project or as needed by FBC.

c) For an External Organization

Donors who wish to support any external non-registered charitable cause or registered Canadian charity are requested to send their gifts directly to such organization. FBC cannot receive a gift that is designated for an external organization that is not a Canadian registered charity.

6. Declining Gifts

FBC reserves the right to decline any donation.

At times, FBC may choose to decline a gift. The following are some conditions under which a gift may be declined:

- (a) If the donation does not meet the definition of a gift as set out above;
- (b) There are unusual features to the gift that are contrary with the objectives, values, and goals of FBC;
- (c) The donation contains unduly restrictive limitations and stipulations that FBC is unable to honour or if those limitations and stipulations are contrary with the objectives, values, and goals of FBC;
- (d) The donation could financially jeopardize the donor and/or FBC;
- (e) The donation or donation terms are illegal or contrary to public policy.
- (f) An appropriate fair market value cannot be determined or will result in unwarranted or unmanageable expense to FBC;
- (g) There are physical or environmental hazards to FBC in accepting the offered donation;
- (h) The donation could jeopardize FBC's charitable status;
- (i) The donation could improperly benefit an individual or an external organization.

7. Returning Gifts

Generally, FBC cannot return a donor's gift once it is accepted; FBC is obliged to keep the gift.

8. Gift Receipting Guidelines

The Envelope Secretary is responsible for maintaining the records pertaining to gifts.:

CRA requires that the official donation receipt be made out in the following manner:

- (a) In general, the donation tax receipts will be issued to the person making the gift. FBC will not issue the donation receipt in the name of another individual unless evidence is provided that clearly shows that the person providing the gift is not the true donor.
- (b) Where a gift is provided by way of a cheque written on an account held jointly by spouses, that is, both names appear on the cheque, FBC will

issue the donation receipt in either or both names, regardless of how the cheque is endorsed.

- (c) If the gift is in the form of a cheque from a corporation, the donation receipt will be issued to the corporation. FBC will not issue the official donation receipt in respect of a gift made with a corporate cheque in the name of an individual unless FBC is provided evidence to show that the individual is the true donor, for example, the corporation is making the donation in the name or on behalf of the individual (*e.g.*, a corporation accounts for the donation from a shareholder in the shareholder's account). This guideline also applies to a gift from a partnership in which both spouses are business partners.

Donation tax receipts for the total value of gifts to FBC annually will be prepared by the end of February of the following year.

The donation tax receipts, in sealed envelopes, will be available for pick-up in Pinder Hall in the church or they may be mailed out.

Donation tax receipts for other types of gifts, such as gifts-in-kind, may be prepared separately, and at other times of the year.

APPENDIX

1. Privacy of Gift and Donor Information

All records of gifts and all personal information of donors shall be in the custody of the Envelope Secretary. Those records shall remain confidential and, except for “In Memoriam” gifts, they shall not be disclosed in any form to any person, including any other staff person or any member of CLT. With respect to “In Memoriam” gifts, only the names of the contributors will be provided to the family of the deceased in order that the family may acknowledge such gifts.

The policies with respect to the personal information of donors are as follows:

Collection of personal information

Only the personal information that is relevant for the following purposes will be collected:

- recording the receipt of gifts,
- conducting and facilitating fundraising activities,
- managing FBC’s relationship with donors,
- preparing donation tax receipts,
- reporting to Canada Revenue Agency (‘CRA’), and
- meeting any other legal and regulatory requirements.

Personal information collected include name, address, home contact information, credit card or bank account information (for the purpose of our collecting a donation), programs or projects an individual wishes to support, and future communication preferences.

Consent

The consent of donors to FBC’s collection of the personal information is implied through the donors’ voluntary disclosure of their name and contact information on the offering envelopes or in the authorization forms for pre-authorized debits to their bank accounts or credit card or in their request for an envelope number.

Use and disclosure of personal information

FBC will not use personal information, except as specifically permitted under the Personal Information Protection Act of British Columbia (‘PIPA’), that has been collected for one or more of the purposes described above, for any other purpose or purposes without the knowledge or express consent of the respective individual to whom the information relates, except as specifically permitted under PIPA.

FBC will not sell or rent out our donor lists or exchange our donor lists with any other charitable organization. FBC will not disclose any personal information about a donor or prospective donor to anyone outside FBC without the explicit consent of that donor or prospective donor except as follows;

- To an auditor in connection with an audit of FBC,
- To a lawyer who is representing FBC in a matter to which the personal information relates,
- To comply with a subpoena, warrant or requirement under an order or rule of court,
- To a government institution that has made a request for the information, identifying its authority to do so, in connection with the administration of any law of Canada or a province, or
- In any other circumstance where disclosure is specifically permitted under PIPA.

Retention and destruction of personal information

FBC keeps personal information about donors and prospective donors for as long as required by law or to fulfill the purposes for which it was collected. Reasonable steps to destroy, delete or erase personal information that is no longer required will be taken as appropriate.

Security of personal information

FBC is committed to maintaining adequate physical, procedural and technical security with respect to our offices and storage facilities so as to prevent any loss, misuse, unauthorized access, disclosure or modification of personal information about donors or prospective donors. FBC's employees are made aware of the importance of maintaining the confidentiality of such personal information.

Access by donors to their personal information and the correction of personal information

A donor or prospective donor may make a request to us in writing for access to any of his or her personal information held by FBC. Except in circumstances as provided for in PIPA where an individual may be refused access to his or her personal information, access to personal information will be provided within the time limit set out in PIPA.

A donor or prospective donor who believes that any of his or her personal information held by FBC is inaccurate or incomplete may make a request to us in writing to amend that information and we will make the appropriate amendment.