

# SAINT MARK'S EPISCOPAL CATHEDRAL

## Council Policy #6 Gift Acceptance Policy

Approved on April 27, 2010

### I. Purpose

This gift acceptance policy will provide guidelines to representatives of St. Mark's Episcopal Cathedral (hereafter as the Cathedral) who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift planning process, and to prospective donors who may wish to make gifts to the Cathedral Church of St. Mark, d.b.a. St. Mark's Episcopal Cathedral and the St. Mark's Cathedral Foundation. This policy is intended only as a guide and allows for some flexibility on a case-by-case basis. The gift review *process* outlined here, however, should be followed closely. The policy is a cornerstone of St. Mark's dedication to honoring each donor's desires and to keeping the promise made to each donor.

### II. Definitions

All gifts to the Cathedral will fall into one or more of the following categories:

- **Unrestricted Funds** are gifts that are to be used for any purpose and the donor has placed no restrictions on how and when the funds may be used. These funds will be used at the discretion of the Dean and/or Council in accordance with the policies set forth in the Gift Acceptance Policy. These funds are managed by the staff and Council of the Cathedral. For further instructions concerning the disposition of unrestricted gifts, see Section VII on Page 7 of the Gift Acceptance Policy.
- **Designated Funds** are gifts that are to be used for specific purposes as set forth by the donor. The donor designates one or more of the following Funds for their gift. The funds are held in restricted accounts until they are spent for the purpose described by the Fund's title. These Funds are managed by the staff and Council of the Cathedral.
  - **Designated Funds**
    - **Property Fund (preservation of the Cathedral buildings)**
    - **Music Fund**
    - **Outreach Fund**
    - **Education Fund**
    - **Grounds and Flower Fund**
    - **(Wells Fund has been deleted from this list)**
- **Permanently Restricted Funds** are gifts to what is often referred to as the Cathedral's Endowment. Such gifts are managed by the St. Mark's Cathedral Foundation and are

distributed only in accordance with the formal agreements for this purpose between the Cathedral and the Foundation.

### **III. Gift Acceptance Responsibilities**

The Council of the Cathedral will maintain and revise as appropriate policies and guidelines relating to gift and fund acceptance. The Council delegates to the Gift Review Committee authority to accept gifts that meet the requirements of the Gift Acceptance Policy and charges the Gift Review Committee to periodically review the Gift Acceptance Policy and make recommendations to the Council. For gifts of tangible property or improvements to the Cathedral property, the Property Committee will be consulted. Proposed gifts of assets not specified in this policy or the proposed declination of any gift will be referred first by the Cathedral Administrator to the Gift Review Committee to develop a recommendation and then to the Council for action.

All gifts accepted by the Gift Review Committee will be reported to the Council. The Council, by a majority vote, must provide final acceptance for any gift with a value in excess of \$200,000 following a recommendation by the Gift Review Committee. Written documentation of each gift specifying in detail the donor, the purpose for which the gift is made and restrictions, if any, will be prepared by the Gift Review Committee and maintained by the Cathedral Administrator in the official files of the Cathedral.

Any questions, which may arise in the review and acceptance of gifts to St. Mark's Episcopal Cathedral, will be referred to The Gift Review Committee, which, unless otherwise designated by the Council, will be comprised of the Senior Warden, Cathedral Treasurer, Chair of the Stewardship Committee, Chair of the Finance Committee, the Cathedral Administrator and Chair of the Planned Giving Subcommittee. The Chair of the Gift Review Committee will be appointed by the Council of the Cathedral. The Committee will meet as needed. These meetings may be held in person, by conference call or electronically using email.

The Gift Review Committee will assist in developing and monitoring a formal policy for recording donor intent which shall be managed by the Cathedral Administrator.

### **IV. Review Factors**

The following factors will be considered in determining whether gifts shall be accepted by the Cathedral:

- The charitable intent and ultimate benefit
- The restrictions, if any, placed on the gift
- Economic practicality of administering the gift
- On going maintenance required by the gift

### **V. Types of Gifts**

In conformance with applicable statutes and regulations governing charitable institutions, gifts to St. Mark's Episcopal Cathedral may not be directly or indirectly subject to material restrictions or conditions that prevent the Cathedral from utilizing the assets or the income derived from them in furtherance of its tax exempt purposes.

## **Asset Types**

The Cathedral will accept gifts in the following form, subject to the conditions described below. In order for the Cathedral to provide written substantiation for gifts, the donor will have to provide the name and address of the donor along with the necessary IRS documentation.

- **Cash**

All gifts delivered by check or credit card shall be accepted by the Cathedral, regardless of amount.

Checks shall be made out to St. Mark's Episcopal Cathedral. In no event shall a check be made to an individual who represents the Cathedral in any capacity.

- **Securities**

Readily marketable securities, such as those traded on a stock exchange, or government and corporate bonds may be accepted by the Cathedral.

For gift crediting and accounting purposes, the value of the gift of securities is the average of the high and low prices on the date of the gift.

A gift of securities normally would be liquidated immediately. However, if the form or designation of the gift allows the possibility that it will be directed to permanently restricted funds, a decision regarding the liquidation of the securities will be deferred until that determination is made. If the funds are to be directed to permanently restricted funds, the certificates will be given to the Foundation's investment manager. The investment manager will then act on the Foundation Board's decision whether to sell or hold the securities, which decision will be made in accordance with portfolio considerations.

Securities may be electronically transferred, re-registered in the name of the Cathedral or conveyed through use of a stock power form.

Gifts of bonds that require a holding period may be accepted and cashed when the holding period has expired.

Securities that are unacceptable include those that are assessable or create a potential liability, securities that may not be assigned, such as Series A Savings Bonds, and those that have no apparent value.

## **Asset Types (continued)**

- **Closely Held Securities**

Non-publicly trade securities may be accepted after consultation with the Gift Review Committee.

Prior to acceptance, the Gift Review Committee will explore methods and timing of liquidation of the securities through redemption or sale. The Gift Review Committee will try to determine:

- An estimate of fair market value
- Any restrictions on transfer
- Whether and when an initial public offering might be anticipated

No commitment for repurchase of closely held securities shall be made prior to completion of the gift of securities.

- **Real Estate**

Any gift of real estate must be reviewed by the Gift Review Committee. In general, the Cathedral desires that individuals contribute property directly to the Cathedral. The property will then be sold by such process and timing as the Council dictates.

The donor or donor's estate is normally responsible for obtaining and paying for an appraisal of the property. The appraisal will be conducted by an independent, professional agent.

The appraisal must be based upon a personal visitation and internal inspection of the property by the appraiser. Also, whenever possible, it must show documented valuation of comparable properties located in the same area.

The formal appraisal should contain photographs of the property, the tax map number, the assessed value, the current asking price, a legal description of the property, the zoning status, and complete information regarding mortgages, liens, litigation or title disputes.

The Cathedral reserves the right to require an environmental assessment or any potential real estate gift.

The property must be transferred to the Cathedral prior to any formal offer or contract for sale being made.

The donor or donor's estate may be asked to pay for all or a portion of the following:

- Maintenance costs
- Real estate taxes
- Insurance
- Real estate broker's commission and other costs of sale
- Appraisal costs

**Asset Types (continued)**

For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate or sale price; however, this value may be reduced by costs of maintenance, insurance, real estate taxes, broker's commissions and other expenses of sale.

- **Life Insurance**

A gift of a life insurance policy must be referred to the Gift Review Committee

If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the policy's replacement cost.

If the policy is partially paid-up, the value for gift crediting and accounting purposes is the policy's cash surrender value.

- **Tangible Personal Property**

Any gift of tangible personal property shall be referred to the Gift Review Committee prior to acceptance. The Gift Review Committee will consult with the Cathedral Property Committee before making a decision.

A gift of jewelry, artwork, collections, equipment, and software shall be assessed for its value to the Cathedral which may be realized either by being sold or by being used in connection with the Cathedral's tax exempt purpose.

Depending on the anticipated value of the gift, a qualified outside appraiser may be asked to determine its value. The donor or donor's estate is normally responsible for obtaining and paying for an appraisal of the property.

The Cathedral shall adhere to all IRS requirements relating to disposing of gifts of tangible personal property and will provide appropriate forms to the donor and IRS.

- **Gifts of Property that are temporarily or permanently affixed to the Cathedral building or grounds**

- The proposed gift will be presented to the Gift Review Committee who will consult with the Cathedral Property Committee. Both Committees should study the gift in light of the "Regulations Governing Memorials" as set forth by the Council on November 15, 1951 and is attached as an appendix to the Gift Acceptance Policy.
- The Gift Review Committee will make a recommendation to the Council that will contain the following:
  - A description of the gift
  - Estimated cost of the gift including installation
  - Cost of future maintenance and its effect on the operating budget
  - Architectural integrity effects
  - Professional organizations involved in the installation

**Asset Types (continued)**

- Manner of payment
- Recommendation of the Cathedral Property Committee
- Gift Review Committee recommendation
- Council will be solely responsible for approval.
- If the gift involves a contract to be signed by the Cathedral or the ability to access liens upon the Cathedral, the donor will deposit with the Cathedral in an escrow account the amount equal to two thirds of the estimated project expense. The Cathedral will pay the donor interest at a pre-arranged market rate until the funds are required for payment. Contracts or work may not commence until these arrangements have been finalized.

## **Deferred Gifts**

The Cathedral encourages deferred gifts in its favor through any of a variety of vehicles:

- Charitable gift annuity (or deferred gift annuity)
- Pooled income fund
- Charitable remainder trust
- Charitable lead trust
- Bequest
- Retained life estate

The Cathedral, or its agent, should not be designated in a will as a personal representative for a donor's estate. A member of the Cathedral staff serving as a personal representative for a member of the congregation does so in a personal capacity, and not as an agent of the Cathedral.

The Cathedral, or its agent, shall not act as trustee of a charitable remainder trust without prior written consent.

When appropriate, the Cathedral may invite prospective donors to consider the gift vehicles offered by The Episcopal Church Foundation, as well as its investment services.

When donors are provided planned gift illustrations or form documents, these will be provided free of charge. For any planned gift related documents, materials, illustrations, letters or other correspondence, the following disclaimer should be included:

**The Cathedral strongly urges you to consult with your attorney, financial and/or tax advisor to review and approve this information provided to you without charge or obligation. This information in no way constitutes advice. The Cathedral will gladly work with your independent advisors to assist in any way.**

All information obtained from or about donors/prospects shall be held in the strictest confidence by the Cathedral, its staff and volunteers. The donor's name, the amount or the conditions of any gift, shall not be published without the express written or oral approval of the donor and/or beneficiary.

## **Deferred Gifts (continued)**

The Cathedral will seek qualified professional counsel in the exploration and execution of all planned gift agreements. The Cathedral recognizes the right of fair and just remuneration for professional services.

The Council, upon advice of the Gift Review Committee, reserves the right to decline any gift that does not further the mission or goals of the Cathedral. Also, any gifts that create an administrative burden or cause the Cathedral to incur excessive expenses may be declined.

## **Retirement assets**

“Account” type retirement plans, in which a balance accumulates as principal, may be given to the Cathedral. These include Individual Retirement Accounts (IRA), 401K, 403B and defined contribution plans.

Methods for giving retirement assets include:

- Naming the Cathedral as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse
- By giving to the Cathedral in this manner, the gift passes to the Cathedral without a deduction for income taxes.

## **VI. Named Funds**

The Cathedral will, normally, establish “named funds,” as requested by the donor or their family/estate, only for gifts of \$100,000 or more. These “named funds” will become part of the Funds managed by the St. Mark’s Cathedral Foundation.. The use of the income from the fund may be unrestricted or restricted as set forth by the donor or donor’s family.

## **VII. Donor Unrestricted Gifts**

- **Unrestricted Gifts of \$5,000 or more:**
  - The first \$5,000 of this type of gift in any fiscal year shall be 100% immediately available to the Cathedral for short term or longer term needs as the Council determines.
  - Of the next \$120,000 of this type of gift, half will be treated as Permanently Restricted Funds (See Definitions, section II above) and the other half will be available to the Cathedral for short term or longer term needs as the Council determines.
  - The portion of an unrestricted gift in excess of \$125,000, if any, will be regarded as Permanently Restricted Funds (See Definitions, section II above)
- **Unrestricted Gifts less than \$5,000:**
  - 100% of these Unrestricted Gifts will be immediately available to the Cathedral for short term or longer term needs as the Council determines.

## **VIII. Donor Intent**

- **Respect** – Donor intent will be determined for all gifts. Without donor direction, will be used at the discretion of the Council. Donor’s wishes will always dictate any action by the Cathedral. All donors will be appropriately recognized.
- **Recording** – Each gift will be immediately recognized in the Cathedral account records and be invested as appropriate. A Memorandum of Agreement will be drawn up for all estate gifts, and gifts and memorials that exceed \$5,000.

**IX. Memorials – Gifts given in memory of another individual and are not given from an individual’s personal estate.**

- Unless designated by the donor, memorials shall be designated as Unrestricted Funds and be subject to the policies and procedures set out in the Cathedral Gift Acceptance Policy.

**X. Naming Cathedral rooms and property**

- Rooms, buildings, equipment, vestments, etc. may be named in memory of individuals only when the naming is part of a reconstruction or new purchase and the individual or their relatives and friends contribute, through new gifts, 50% or more of the total cost of the work or purchase. Gifts of this type must be accepted and approved in accordance with **III. Gift Acceptance Responsibilities** as described above. As in all cases, the Cathedral Council has the ability to override the Gift Acceptance Policy in a specific case by a majority vote.

**XI Authority**

- The Cathedral Gift Acceptance policy is a policy of the Council of the Cathedral. It takes priority over accounting procedures unless approved by the Council. The Gift Acceptance Policy can only be modified by the Cathedral Council.