

## **GIFT ACCEPTANCE, USE AND EXPENDITURE POLICY**

Saint Mark's Episcopal Church

San Antonio, Texas

### ***Policy Statement***

It is important that St. Mark's offer its donors as many opportunities as possible to make gifts. It is also important that St. Mark's has systems in place to expedite the processing of gifts from receipt to deposit so that it is maximizing the effectiveness of that gift to St. Mark's. St. Mark's values and is responsible for maintaining its integrity. No gift can be accepted which is overly restrictive in purpose or which sets limits that are inconsistent with the mission of the parish. St. Mark's will not accept gifts which involve discrimination based upon race, gender, sexual orientation, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws.

### ***Purpose***

This Gift Acceptance Policy will provide guidelines to representatives of St. Mark's who may be involved in the acceptance of gifts, to outside advisors who may be assisting the gift planning process, and to prospective donors who may wish to make gifts to St. Mark's. The gift review policy outlined here is intended to be followed closely, however it allows for some flexibility on a case-by-case basis. Neither St. Mark's nor its representatives offer tax or financial advice.

### ***Gift Review Committee***

Any questions which may arise in the review and acceptance of gifts to St. Mark's will be referred to the Vestry or to a Gift Review Committee appointed by the Vestry, which will include the Parish Administrator, Wardens, Treasurer, and Director of Resource Development and such other members of the parish leadership as determined by the Vestry.

### ***Direct Gifts***

#### ***Cash***

All unrestricted gifts by check made payable to St. Mark's Episcopal Church shall be accepted by St. Mark's regardless of amount. Cash gifts made in U.S. currency shall be accepted, but if in excess of \$1,000, only if properly received by an authorized representative of St. Mark's.

#### ***Publicly Traded Securities***

Readily marketable securities, such as those traded on the New York, American or NASDAQ stock exchanges, may be accepted by St. Mark's. For gift crediting and accounting purposes, the value of the gift of securities is the mean of the high and low prices on the date of the gift. A gift of securities to St. Mark's normally will be liquidated immediately unless the Finance Committee makes an affirmative determination that the security is appropriate to hold as part of the investments of the fund or endowment to which it is allocated.

### *Real Estate*

Any gift of real estate must be reviewed by the Vestry or Gift Review Committee, if standing at the time of the gift. The donor will be responsible for obtaining and paying for a qualified appraisal of the property. The appraisal will be performed by a qualified appraiser, in accordance with applicable IRS guidelines. St. Mark's reserves the right to require an environmental assessment of any potential real estate gift prior to accepting the gift.

The property must be transferred to St. Mark's prior to any formal offer or contract for purchase by a third party has been made. The donor may be asked to pay for all or a portion of the maintenance costs, real estate taxes, insurance, real estate broker's commission and other costs of sale, or appraisal costs as a condition to St. Mark's accepting the gift.

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

### *Life Insurance*

St. Mark's may accept a gift of a life insurance policy if doing so is allowed under applicable insurance laws. 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. (Note: For IRS purposes, the donor's charitable income tax deduction may be an amount which may be slightly in excess of the cash surrender value.)

### *Tangible Personal Property*

Any gift of tangible personal property shall be referred to the Vestry or Gift Review Committee, if standing, prior to acceptance. The value of a gift shall be its value to St. Mark's, which may be realized either by being sold or by being used in connection with the parish's exempt purpose. Depending upon the anticipated value of the gift, the donor may be asked to obtain a qualified outside appraisal to determine its value for federal income tax reporting purposes as a condition to St. Mark's accepting the gift.

If the gift is restricted to use by St. Mark's in furtherance of its exempt purpose or if the donor intends the gift to be used by St. Mark's as opposed to being sold, then the Vestry shall appoint a Gift Review Committee for the purpose of reviewing the proposed gift, its intended use and any restrictions. In considering whether to accept the gift, the Gift Review Committee shall consider whether the property will be used to fulfill the parish's mission, whether the donor's intentions or express restrictions on the use or display of the property are consistent with the parish's mission and are flexible enough to facilitate changes in the parish's physical plant, decor and/or use of space in the future. In addition, the Gift Review Committee must consider any additional costs to the parish for insurance, maintenance or security of the property in determining whether to accept

the gift. As a general rule, St. Mark's will not accept a gift of tangible personal property that is subject to a permanent restriction on its ability to sell the property.

If the property is to be sold by St. Mark's, then the Vestry, or Gift Review Committee, if standing, must consider all carrying costs (*e.g.* insurance, storage, maintenance, and upkeep) and marketing costs (*e.g.* brokerage commissions, auction costs, and advertising costs) associated with the property in determining whether to accept the gift. The likelihood that the parish will be able to obtain a fair market price on sale of the property within a relatively short period of time shall also be considered.

St. Mark's 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.

### *Deferred Gifts*

St. Mark's encourages deferred gifts in its favor through any of a variety of vehicles, such as:

- a) charitable gift annuity (or deferred gift annuity);
- b) pooled income fund;
- c) charitable remainder trust;
- d) charitable lead trust; or
- e) bequest

St. Mark's (or its agent) shall not act as an executor (personal representative or trustee) for a donor's estate. A member of the parish staff serving as personal representative or trustee for a member of the parish shall do so in a personal capacity, and not as an agent of St. Mark's. St. Mark's or its agent shall not act as trustee of a charitable remainder trust.

St. Mark's may invite prospective donors to consider the gift vehicles offered by the Episcopal Church Foundation (specifically, charitable remainder trusts, charitable gift annuities, and the pooled income fund) 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 materials, the following (or similar) disclaimer must be included: "We suggest that you meet with your financial or estate planning professional, or other such professional to discuss your gift. We will gladly work with your advisors to assist in any way."

All information obtained from or about donors/prospects shall be held in the strictest confidence by St. Mark's, its representatives, staff and volunteers. The name, amount, or conditions of any gift shall not be published without the express approval of the donor. St. Mark's will seek qualified professional counsel in the exploration and execution of all planned gift agreements. The parish recognizes the right of fair and just remuneration for professional services.

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

### *Disposition of Bequests*

#### *Purpose*

This gift acceptance and use policy governs the disposition of bequests which, for purposes of this statement, will mean any type of gift in which the assets are transferred upon the death of the donor. The assets may be in any form, such as cash, securities, personal property, real property, etc. St. Mark's welcomes unrestricted bequests. Because the gift may be received some years after the donor's plan is made, an unrestricted bequest gives the Vestry the ability to apply the bequest where it would be most needed at the time it is received. Bequests may be designated to one or more of the parish programs or endowed funds. In the case of designated bequests, the donor or financial planner should contact the Vestry or Gift Review Committee for guidance. In every case the bequest should be made to St. Mark's Episcopal Church, 315 E. Pecan Street, San Antonio, Texas 78205.

#### *Types of Bequests*

Bequests with St. Mark's as beneficiary can be of two general types, designated bequests and unrestricted bequests. Designated bequests, in which the donor identifies a specific purpose(s) for which the funds should be directed, should be implemented with the input of the Vestry or Gift Review Committee. The Vestry has ultimate responsibility for determining that the funds are used in accordance with the donor's wishes.

Unrestricted bequests, in which case the donor does not designate a specific use for the funds will typically be distributed to the St. Mark's Horizon Endowment. However, from time to time urgent needs of the parish may arise which would necessitate an exception to this policy. Only the Vestry shall have the authority to grant such an exception to the policy.

Unrestricted bequests are automatically transferred upon receipt to the Horizon Endowment. If the bequest is given for a designated purpose, then the value of the assets will be applied to establish or supplement the designated fund, as provided for below and the expendable funds made available for use for that designated purpose only. Bequests of \$10,000 or more that are designated for a project other than an existing designated fund will be gratefully accepted, provided that the intent of the gift reasonably may be carried out by the expenditure of the amount of the gift without the assistance of additional funds. Bequests of less than \$10,000 will be reviewed by the Vestry or Gift Review Committee, if currently standing, to determine how best to receive them in keeping with the donor's wishes.

The procedure for handling bequests begins with the business office or treasurer of the parish, who will see that any cash is immediately deposited and held in St. Mark's bank account pending a

decision regarding the final disposition of the bequest. The treasurer will see that copies are made of relevant documents and that they are distributed as appropriate. The method, timing, agent, *etc.* for the liquidation of other assets (such as real estate or personal property) will be decided by the Vestry with guidance and recommendations, as necessary, from the Gift Review Committee, if standing, and if not, the treasurer. Appropriate acknowledgments of bequests will be given by the Rector or by the staff member in charge of resource development in a timely manner.

### ***Expenditure Policy***

Allocations of funds available for distribution will be made in two general ways: (1) upon written request from the Vestry, funds will be released from the Endowed Funds for those uses that conform to the purposes and restrictions stated in the Funds' enabling resolutions as adopted by the Vestry, and (2) as set forth in this policy, the Vestry may obligate monies for general expenses incident to the management and administration of the Funds. Extraordinary initiatives contemplated by the Vestry to be undertaken for the Endowed Funds' development will be approved by the Vestry before implementation.

Expendable funds will be determined before January 31 on the basis of a total-return principle and will not be dependent upon income generated through interest or dividends. The funds available for distribution during any one year will be limited to a percentage of the average market value of the fund on a twelve quarter rolling average, less funds required as the cost of managing and maintaining the Endowed Funds. The percentage for distribution shall be 4% unless adjusted by the Vestry prior to January 31 of a particular year in accordance with prudent standards of charitable investing. Any amount not spent in the given year will not be carried over from one year to the next.