



The Episcopal Diocese of San Diego

2083 Sunset Cliffs Boulevard
San Diego, CA 92107

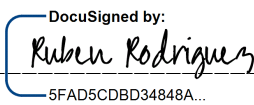
619-291-5947

Resolution 2020-12-02 Gift Acceptance Policy Submitted by the Finance Committee

Resolved, that the gift acceptance policy attached to this resolution be approved.

Explanation: One of the audit findings of our outside CPA auditors was that a gift acceptance policy had not been adopted. The attached policy was developed and approved by the finance committee and reviewed by the vice chancellor specializing in this area. The following topics are included in this policy:

1. Cash
2. Securities
3. Tangible Personal Property
4. Real Estate
5. Planned Gifts
 - a. Bequests
 - b. Charitable Gift Annuities
 - c. Pooled Income Funds
 - d. Charitable Remainder Trusts
 - e. Charitable Lead Trusts
 - f. Life Insurance

Signed  _____
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Title Secretary

Date 12/9/2020

Episcopal Diocese of San Diego Gift Acceptance Policies

The Episcopal Diocese of San Diego (EDSD or the diocese) a not for profit corporation organized under the laws of the State of California, encourages the solicitation and acceptance of gifts for purposes that will help to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the diocese for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The Executive Council of EDSD and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the diocese. These policies and guidelines govern the acceptance of such gifts and provide guidance to prospective donors and their advisors when making gifts to the diocese. The provisions of these policies shall apply to all gifts received for any of the programs or services. The bishop, in consultation with the treasurer, will update these policies and present them to the Executive Council for final approval.

II. Use of Legal Counsel

The diocese shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a) Closely held stock transfers that are subject to restrictions or buy-sell agreements
- b) Documents naming the diocese as trustee
- c) Gifts involving contracts, such as bargain sales or other documents requiring the diocese to assume an obligation
- d) Transactions with potential conflict of interest that may invoke IRS sanctions
- e) Other instances in which use of counsel is deemed appropriate

The diocese will urge all prospective donors to seek the assistance of personal, legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The diocese cannot and will not render any legal advice concerning tax liability and/or estate planning matters. Legal fees incurred by the donor in the completion of a gift are the responsibility of the donor.

III. Restrictions on Gifts

The diocese may accept gifts without restrictions, and gifts for specific programs and purposes, provided such gifts are not inconsistent with its stated mission, purposes, and priorities. The diocese will not accept gifts that are overly restrictive in purpose. Gifts that are overly restrictive are those that violate the terms of the diocese's charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the diocese. No mission may accept a bequest or legacy of either real or personal property without the consent of the bishop. The bishop reserves the right to hold such funds on behalf of the mission in a diocesan account. Use of such funds will be decided upon by the bishop's committee in consultation with the bishop, who approves such expenditures. The bishop, in conjunction with legal counsel, is responsible for implementing these policies. The diocese will review its Gift Acceptance Policy annually.

IV. Types of Gifts

A. The following gifts are acceptable:

1. Cash
2. Securities
3. Tangible Personal Property
4. Real Estate
5. Planned Gifts
 - a. Bequests
 - b. Charitable Gift Annuities
 - c. Pooled Income Funds
 - d. Charitable Remainder Trusts
 - e. Charitable Lead Trusts
 - f. Life Insurance

The diocese will consult with real estate appraisers, environmental analysts, property brokers and specialized legal counsel to ensure that it has the expertise available to analyze a proposed gift appropriately.

B. The following criteria govern the acceptance of each gift form:

Cash: Cash is acceptable in any form. Checks shall be made payable to the Episcopal Diocese of San Diego and shall be delivered to 2083 Sunset Cliffs Boulevard, San Diego, CA 92107. Gifts of currency over \$10,000 must be approved by the Bishop with advice of the chancellor.

Securities: The diocese can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Appreciated marketable publicly-traded securities will be accepted and sold upon receipt unless otherwise directed by the bishop in consultation with the treasurer. Donors should not sell the stock; they should contact the diocese for instructions on how to transfer their stocks to the diocese's broker.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the bishop in consultation with the Treasurer. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent the diocese from ultimately converting those assets to cash,
- the security is marketable, and
- the security will not generate any undesirable tax consequences for the diocese.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the bishop in consultation with the treasurer and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

Tangible Personal Property: These gifts include artwork, jewelry, cars, boats, and any other personal property item owned by a donor. These gifts will rarely be accepted and, if they are ever considered for acceptance by the diocese, they shall be examined in light of the following criteria:

- Does the property fulfill the mission of the diocese?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the bishop in consultation with the treasurer and legal counsel.

Real Estate: These types of gifts may include developed property, undeveloped property, or gifts subject to a prior life interest. In the event that one of these gifts is being considered for acceptance, the diocese shall require an initial environmental review of the property to ensure that it has no environmental damage. If the initial inspection reveals a potential problem, the diocese shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the donor.

When appropriate, a title binder shall be obtained by the diocese prior to the acceptance of the real property gift. The cost of this title binder shall be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the bishop in consultation with the treasurer and legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the diocese?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

If the estimated value of tangible personal property or real estate is greater than \$500, the donor will be directed to the U. S. Internal Revenue Service requirements regarding the substantiation of charitable contributions. Should the donor wish to reflect the contribution in his/her income tax return, the donor should obtain a qualified appraisal of the equipment from an independent appraiser, complete IRS Form 8283 and provide a copy to the diocese.

Planned Gifts. The diocese may accept the following planned gifts:

Bequests: Donors and supporters of the diocese will be encouraged to make bequests to the diocese under their wills and trusts. Such bequests will not be recorded as gifts to the diocese until such time as the gift is irrevocable. No mission may accept a bequest or legacy of either real or personal property without the consent of the bishop. The bishop reserves the right to decline acceptance of any bequest.

Charitable Gift Annuities: The diocese may accept charitable gift annuities. The minimum gift for funding is \$5,000. The minimum age for life income beneficiaries of a gift annuity shall

be 55. For a deferred gift annuity the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule.

Pooled Income Funds: The *pooled income fund* is a gift plan, similar to a mutual fund, which is actually a trust fund for donors who wish to receive an income that has the possibility of growth through the years. A particularly appealing feature of the plan is that it does not require gifts in the substantially larger amounts that are generally necessary for separate trusts.

Individual gifts of cash and other property are combined or "pooled" and collectively invested by a trustee to produce income that is shared by the contributors. Additional donations may be added to the fund at any time.

Charitable Remainder Trusts: The diocese may accept a designation as remainder beneficiary of a charitable remainder trust with the approval of the bishop in consultation with the treasurer and legal counsel. The diocese will not accept appointment as trustee of a charitable remainder trust. The minimum gift for a Charitable Remainder Trust will be \$100,000.

Charitable Lead Trusts: The diocese may accept a designation as income beneficiary of a charitable lead trust. The executive council of the diocese will not accept an appointment as trustee of a Charitable Lead Trust.

Retirement Plan Beneficiary Designations: Donors and supporters of the diocese will be encouraged to name the diocese as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the diocese until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Life Insurance: The diocese must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its cash surrender value upon receipt. If the donor contributes future premium payments, the diocese will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the diocese may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or surrender the policy for its current cash value.

Life Insurance Beneficiary Designations: Donors and supporters of the diocese will be encouraged to name the diocese as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the diocese until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

V. Changes to Gift Acceptance Policies

The diocese will review its Gift Acceptance Policy annually. The executive council of the diocese must approve any future changes to or deviations from these policies.