

***Gift and Endowment Policies
Christ Episcopal Church
Spotsylvania, Virginia***

1. Preamble

As a part of the Body of Christ, the community of Christ Episcopal Church in Spotsylvania, Virginia, firmly believes that all that we have comes from God and that, for the brief span of our lives, God has made each of us a steward over what God has given us. To promote the wise and faithful stewardship of all of God's property and to further the Kingdom of God through giving that proclaims the gospel not merely in word but also in deed, we, the Vestry of Christ Episcopal Church, have established the following policy to guide and direct the giving of gifts and endowments to this parish.

2. Purpose of This Policy

It is the purpose of this policy to provide a clear statement of the types of gifts that Christ Episcopal Church will accept either for immediate use or for addition to the endowment of the parish; the conditions under which such gifts may be accepted; and the uses to which such gifts may be put. This policy further outlines the decision-making authority within the parish for gift acceptance, use and administration.

3. What Donors May Advise

Donors may advise the Vestry that their gift is either unrestricted or restricted to a particular purpose as described below. At their option donors may also memorialize a loved one through a gift. In addition, donors may direct whether a gift is to be used for an endowment or not. The final decision to accept any and all gifts always rests with the parish Vestry which may seek the advice of the Finance Commission in making a final determination.

3.1 Gifts

Unrestricted gifts are those for which the donor has not designated a specific purpose. All gifts received in response to the parish's annual, every-member canvass are unrestricted. An unrestricted gift may be put to any purpose that furthers the ministry of the parish as determined by the Vestry.

Restricted gifts are those for which the donor has designated a specific, parish-related purpose. In restricting a gift's usage, donors may designate one of the following purposes:

- Worship including the funding of sanctuary improvements, altar guild supplies, communion services, all manner of vestments, musical instruments and supplies, etc.
- Education including the funding of the nursery, church school, youth group and adult education.

- Outreach and Missions which funds activity directed to alleviating human suffering in the parish, the wider community and the world.
- Property which includes the construction and maintenance of the parish's buildings and grounds. For gifts restricted to this category donors may further designate that their gift be used for one of the following:
 - Maintenance of existing buildings including utilities and cleaning
 - Payment of debt on existing mortgages
 - Renovation of an existing building or construction of a new one designated by the donor
 - Memorial Garden construction and maintenance including the cemetery grounds and the columbarium.

Besides designating a gift as restricted to Worship, Education, Outreach, Property or to one of the four Property subcategories listed above, a donor may suggest a specific purpose to which the gift be put within that category or subcategory. In accepting such a gift, however, the Vestry will be bound only by the donor-designated category (or in the case of Property one of the four subcategories) and not by the specific purpose advised by the donor. Using its best judgment as to the needs of the parish, the Vestry will make the final determination of the specific purpose of the gift within the category or Property subcategory to which the donor has restricted it.

In rare instances where a would-be donor wishes to offer a gift with restrictions altogether different from any of the alternatives described above, the Vestry has the sole and final authority to accept, decline or propose an alteration in the terms of the proposed gift. When the restrictions associated with a proposed gift do not conform to one of the categories or subcategories described above, the Vestry's acceptance of the gift requires an affirmative vote by a two-thirds or greater majority of the Vestry.

Subject only to the exceptional circumstances of section 3.3.2, once the Vestry accepts a gift with donor restrictions it will observe these restrictions as long as it administers the gift.

Memorial gifts to honor or remember a loved one are also welcomed. Such gifts must be unrestricted and will be placed in a Memorial Fund where they are pooled with the memorial gifts of others. At least once a year the Vestry will cause to be published within the parish the names of those in whose memory funds have been received that year along with a summary of the uses to which memorial funds were put during that year.

3.2 Endowments

Donors may also advise that they wish their gift to endow a fund to support the ministry of Christ Episcopal Church over an extended period of time. An **endowment fund** is one in which the original gifts forming the principal of the fund are kept intact over time. Unless otherwise specified by the donor, only the interest or earnings of an endowment fund may be withdrawn to finance church ministry. The donor may specify with their endowment

gift the conditions under which some or all of the principal may be distributed including specification of a maximum level of principal that may be withdrawn each year in addition to interest and earnings. When withdrawals of principal are permitted, the fund is referred to as a *temporary endowment fund*, since withdrawal of principal may one day exhaust the fund. The Vestry has the final authority to determine how much of the interest and earnings to withdraw from any endowment fund and how much to re-invest. For a temporary endowment fund the Vestry has the same authority regarding withdrawal versus continued investment of principal amounts up to the maximum amount that may be withdrawn under restrictions placed by the donor.

Just as gifts available for immediate use may be either restricted or unrestricted, donors may make endowment gifts that are either restricted or unrestricted. Such designation must be made by the donor at the time of the initial gift and is not subject to later alteration. The previously described policies for restricted gifts also apply to restricted endowments. If an endowment is unrestricted the Vestry determines the use of interest, earnings, and permitted principal withdrawals from the fund. If an endowment is restricted, the Vestry must observe the applicable restrictions when making permitted withdrawals from the fund and in the use of the funds withdrawn.

3.3 Management of Gifts and Endowments

Christ Episcopal Church will hold all donor and gift information in confidence. Portions of this information may be shared with Vestry and Finance Commission members only when they have a need to know in the course of assessing, accepting, investing, managing and utilizing a gift or endowment. Such disclosures will be limited to the minimum number of people and the minimum amount of information required to complete the foregoing activities.

Christ Episcopal Church will issue gift acknowledgements, receipts and other appropriate documentation to all donors.

Gifts that require liquidation after acceptance will be referred to the Vestry for appropriate action.

3.3.1 Investment Management of Endowments

Once the Vestry accepts an endowment, the Finance Commission of Christ Episcopal Church is responsible for investing and managing the endowment in a manner consistent with any accompanying donor restrictions and advice accepted by the Vestry. The Finance Commission will provide regular financial statements to the Vestry on all endowments.

3.3.2 Invasion or Transfer of Endowment Principal

If the parish suffers substantial damage to its property as the result of a natural or man-made disaster, any or all of the principal of any parish endowment fund may be withdrawn provided that *both* of the following conditions are met:

1. Two-thirds of the Vestry approve the withdrawal recommendation.
2. At a congregation meeting with at least half of all voting members present, three-quarters of those present approve the withdrawal.

Should Christ Episcopal Church for any reason cease to exist as a parish, all endowment funds of the former parish will be transferred to the Protestant Episcopal Church of the Diocese of Virginia free of any restrictions that formerly applied to these funds.

4. Vestry Endowment Funds

At any time and at its sole discretion the Vestry of Christ Episcopal Church may establish one or more *vestry endowment funds*. The Vestry sets all guidelines for the use of monies in such fund or funds and can specify how long each such fund shall exist. Any restrictions on a vestry endowment fund are established solely by the Vestry and may be changed or eliminated by the Vestry at any time.

The Vestry may choose to endow a fund using contributions from a variety of sources. Examples of such sources include, but are not limited to, the following:

- Surpluses from the annual operating budget
- Unrestricted current gifts given to the parish (as long as these were not designated to support the annual operating budget of the parish)
- Unrestricted gifts received through a bequest
- Sale of real property owned by Christ Episcopal Church
- Proceeds of special fundraising events

5. Asset Classes Accepted as Gifts or Endowments

Christ Church encourages gifts in support of its current mission and ministries and its endowment. The following kinds of assets are welcomed when given either as immediate gifts or conveyed through wills, trusts, or other planned gift vehicles.

5.1 Cash

All forms of negotiable currencies may be used as gifts and endowments.

5.2 Securities

Gifts of publicly traded securities, stocks and bonds may be used as gifts and endowments. With the advice of the Finance Commission the Vestry is solely responsible for all decisions related to disposition of securities received. However, the general policy is to sell all such receivables as soon as practical. Valuation of securities for purposes of the donor's tax records is the responsibility of the donor's broker. The parish will provide a letter of acknowledgement noting how many shares were received as a gift and the date the gift was completed.

5.3 Mortgages and Notes

Depending on the analysis and recommendation of the Finance Commission, the Vestry may accept gifts of deeds of trust, mortgages and notes.

5.4 Insurance

Depending on the analysis and recommendation of the Finance Commission, the Vestry may accept paid-up insurance policies as gifts. The Vestry also welcomes the naming of Christ Episcopal Church as a beneficiary in policies that it does not own. Christ Episcopal Church does not accept as gifts insurance policies that are not fully paid-up.

5.5 Gifts-in-Kind

In general would-be donors of gifts-in-kind are encouraged to sell such property and then donate the proceeds to the parish. In certain circumstances the Vestry may accept as a gift the property itself. One such circumstance would be where the property directly contributes to the ministry of the church (e.g. a musical instrument for worship services, or a refrigerator for the food pantry). Another circumstance in which the church may accept gifts-in-kind is when the property is readily saleable through the parish thrift shop. Still a third example of a gift-in-kind that is likely to be accepted is when a service rather than a piece of property is offered as a gift (e.g. the donation of lawn maintenance services to maintain the church campus).

The Vestry will accept gifts-in-kind only as unrestricted gifts and reserves the right to sell tangible assets given as such gifts at any time at its sole discretion.

5.6 Real Estate

In general would-be donors of real estate are encouraged to sell such property and then donate the proceeds to the parish. After consulting with the Finance Commission the Vestry in rare circumstances may accept the real property itself as a gift. The Vestry will accept gifts of real estate only as unrestricted gifts and reserves the right to sell such gifts at any time at its sole discretion.

5.7 Parish-related Artifacts

Gifts of property related to the history and heritage of Christ Episcopal Church may be accepted subject to the Vestry's approval. Gift artifacts may include original furnishings from parish facilities or property significant in the history Christ Episcopal Church that formerly belonged to the clergy or members of the parish. Property may include – but is not limited to – clothing, vestments, books, manuscripts, photographs or other archival materials, equipment, tools, and utensils. It is the policy of the Vestry in accepting such gifts that they be retained by the parish and used to interpret the history of Christ Episcopal Church. The Vestry may, at its discretion, make such artifacts available for scholarly study.

Before accepting the proposed gift of a parish-related artifact the Vestry will consider the ability of the parish to provide suitable display and/or storage of the artifact as well as adequate security, insurance, care, and if need be, restoration. Should the Vestry determine at any time that the parish must divest itself of an artifact, it will consider whether to place

the artifact with an organization or an individual that can provide assurance that the artifact will be cared for appropriately. Any funds realized from the later sale of such an artifact will be treated as an unrestricted gift and handled as such in accordance with the other provisions of the parish's gift and endowment policy.

6. Charitable Planned Gifts

Charitable planned gifts usually represent deferred gifts that become available for use by the parish at some time after their initial offer by the donor and acceptance by the Vestry. These gifts may be restricted or unrestricted and the Vestry will assess, accept, invest, manage and utilize them according to the policies described elsewhere in this document.

If a planned gift is proposed to be restricted the donor imposes these restrictions with the initial offer of the gift. Depending on the underlying mechanism of the planned gift, the donor may or may not be able to revise restrictions that pertain to the gift. If the donor wishes to make a change in the terms of the gift and the planned gift is revocable, as in the case of a will, the policy of Christ Episcopal Church is to wipe the slate clean. The process of the donor offering the gift and the Vestry's consideration of its acceptance begins anew as though the gift had never been proposed previously.

If the planned gift has been made and accepted previously using a mechanism involving an irrevocable transfer of assets, then no alteration of the terms of the gift is possible.

For planned gifts a donor's heirs, relatives or other parties cannot alter the terms of the grant unless authorized to do so by the donor in appropriate legal documents. Christ Episcopal Church strongly encourages donors of any form of charitable planned gift to obtain legal and/or financial advice from their own advisors prior to finalizing the gift commitment. The parish also encourages donors to consult with family members prior to a gift commitment.

The types of planned gifts that Christ Episcopal Church may accept are as follows. (Donors considering the inclusion of real estate in a planned gift should note the provisions of section 5.6 of this policy.)

6.1 Bequest by Will or Trust

Bequests may be made through a will or trust, specifying a percentage, a fixed amount, specific property, or the residual estate (*All the rest and residue of my estate to . . .*). Percentage bequests may be given from the gross estate or from the residue (after tangible personal property, debts and specified bequests are deducted).

When trusts are involved, such as a minor's trust or a living trust, a gift may be made at the termination or final distribution, according to the needs and wishes of the donor.

6.2 Pooled Income Fund

Gifts benefiting Christ Episcopal Church are encouraged through The Episcopal Church Foundation's Pooled Income Fund. A Pooled Income Fund gift is an irrevocable transfer of

cash or marketable securities in exchange for a life income. The funds are commingled or “pooled” and the donor’s income share is determined and distributed on a pro rata basis of the total trust fund’s earnings. The donor receives income tax deductions now and usually bypasses most capital gains taxes, with ultimate savings on probate and estate costs.

6.3 Gift Annuity

Gift annuities benefiting Christ Episcopal Church may be purchased through the Episcopal Church Foundation, located at the national headquarters of The Episcopal Church in New York, New York. A gift annuity involves an irrevocable transfer of assets – usually securities or cash, but sometimes real estate or other property. Donors receive guaranteed life annuity payments at fixed rates, depending on age. Income tax deductions are received if the donor itemizes, and the donor also realizes partial savings of capital gains. Deferred payment gift annuities are also available. The gift is transferred to Christ Episcopal Church when the life income beneficiary or beneficiaries die.

6.4 Charitable Remainder Trusts

All charitable remainder trusts are established through the Episcopal Church Foundation, which serves as manager and administrator and handles ongoing reporting and related communications with the donor.

6.4.1 Charitable Remainder Unitrust

This gift involves an irrevocable transfer usually of \$50,000 or more of real estate, securities or cash and enables a donor and/or other beneficiaries to receive income for life. The donor’s annual income is determined by a percentage chosen by the donor – but not less than 5% – of the fair market value of the unitrust corpus, *valued annually*. The charitable remainder unitrust enables donors to realize substantial charitable gift tax deductions and avoid capital gains taxes. When the donor and any other life income beneficiaries have died, the remaining amount in the unitrust passes to Christ Episcopal Church. Donors may make additions to a unitrust.

6.4.2 Charitable Remainder Annuity Trust

This gift is an irrevocable transfer, usually of \$50,000 or more of marketable securities or cash to a trust in which the donor agrees with Christ Episcopal Church upon a lifetime guaranteed percentage income to the donor and any beneficiaries named by the donor. The mutually agreed percentage will be set at not less than 5% annually of the *initial* fair market value of the trust corpus. In this arrangement income tax and capital gains tax benefits are available to the donor. When the donor and any other life income beneficiaries die, the parish receives the trust’s remainder.

6.5 Charitable Lead Trust

In this gift, a transfer of securities, real estate or cash into an agreement provides for the income to go to the charity of the donor’s choice for a term of years as determined by the donor. Upon termination of income benefits, the trust assets will be distributed to the donor, the donor’s family beneficiaries, individuals, or organizations, as determined by the donor.

6.6 Life Estate Agreement

This arrangement allows an individual to give a gift of a personal residence or farm, while reserving the right to use the property for a term of years or for life. The individual is responsible for maintenance and expenses, but there is an immediate income tax benefit for the donor. Life estate gifts may include life income to the donor.

6.7 Payable on Death Note (Retirement Plans and Other Assets)

This simple revocable gift arrangement can be attached to a variety of assets (IRA's, CD's, 401K plans, qualified pension and profit-sharing plans, Keough plans, annuities, employee savings plans, etc.) to facilitate a gift at the death of the owner(s). The Church may be named as first, second or last beneficiary for part or all of the remainder.

7. Adoption and Revision of This Policy

This policy will become effective immediately upon its approval by at least two-thirds of the Vestry.

The Vestry may amend this gift and endowment policy at any time. Proposed amendments will become part of the policy when they receive an affirmative vote of at least two-thirds of the Vestry.

Amendments to this policy may not be construed retroactively to modify donor restrictions on any gift or endowment accepted by the vestry prior to the date of the amendment.

At least once in every three years the Finance Commission will review the parish's gift and endowment policy and will recommend any changes that it sees fit to the Vestry for its consideration.

Adopted by the Vestry, 2008