

**Church of the Epiphany
Tempe, AZ**

Gift Acceptance Policies

May 2023

The purpose of these Gift Acceptance Policies is to provide guidance to the Vestry, Endowment Committee and Gift Review Committee, as appropriate, in connection with the review and acceptance of new gifts to Church of the Epiphany.

These gift acceptance policies also serve to guide potential donors and any outside advisors in connection with gifts to Epiphany, its endowment, or other funds. These policies are not intended as professional advice. The Vestry and Gift Review Committee should follow any review procedures described below, but the Vestry has the discretion to accept or reject any specific gift. Donors are encouraged to obtain their own legal, tax and financial advice before completing a gift.

Gift Acceptance Framework

I. Unrestricted gifts of cash and publicly traded securities

Unrestricted gifts of cash and publicly traded securities shall be accepted without regard to amount. Unrestricted gifts shall be recorded as operating income. This excludes bequests, which are addressed in the Bequest Policy. In the event that the Vestry creates a Cash Management Policy, such a policy will govern how gifts are recorded and the allocation of such gifts.

II. Restricted gifts of cash and publicly traded securities directed to existing restricted funds

Restricted gifts of cash and publicly traded securities made to existing restricted funds (restricted operating funds or sub-funds of the Endowment Fund) shall be accepted without regard to amount. Gifts to any Endowment Fund of the Church of the Epiphany shall be invested according to the Investment Policy Statement. In the event that the Vestry creates a Cash Management Policy, such a policy will govern the management of restricted operating funds.

Gifts restricted for specific operating expenses shall be accepted without regard to amount. These gifts will be accounted for as operating income.

III. Restricted gifts of cash and publicly traded securities not directed to existing restricted funds

The Vestry shall follow the Donor-Restricted Fund Policy to guide consideration of this form of gift (see below).

IV. All other types of gifts

The Vestry shall solicit guidance from the Gift Review Committee prior to considering the acceptance of all other types of gifts.

Bequest Policy

A bequest includes any type of gift in which assets of any kind are transferred upon the death of the donor.

It is the policy of Epiphany that unrestricted bequests to *Church of the Epiphany* become part of the General Endowment Fund, a quasi-endowment established by the Vestry and held within the *Endowment Fund of Church of the Epiphany*. The Vestry may make an exception to this policy if no other financial resources of the church are available or expected to become available in time to meet an urgent need. If a donor makes a gift to *Church of the Epiphany* for a specific purpose, the Vestry will ensure that the funds are used as intended, either through current expenditure or by placing the funds in a sub-fund of the Endowment Fund that is restricted to that purpose.

Donor-restricted bequests to the *Endowment Fund of Church of the Epiphany* must upon receipt become part of the Permanent Endowment Fund, a true endowment fund subject to state law. If a donor makes a bequest to the *Endowment Fund of Church of the Epiphany* for a specific purpose, the Vestry may place the funds in an existing sub-fund of the Permanent Endowment Fund that is restricted to said purpose or create a new donor-restricted fund (see Donor-Restricted Fund Policy), without regard to amount.

Donor-Restricted Fund Policy

The Vestry must approve the acceptance of the gift for its intended purpose, or it must reject the gift.

I. Donor-restricted bequests to the Endowment Fund of Church of the Epiphany

As necessary, the Vestry will establish new and separate funds within the Endowment Fund for donor-restricted bequests (see Bequest Policy).

II. Donor-restricted gifts above \$25,000

The Vestry may establish a new and separate fund within the Endowment Fund for a donor-restricted gift of \$25,000 or more. The new assets are combined with other Endowment Fund assets for investment purposes but are tracked and spent separately as intended by the donor under any further guidelines required by law or approved by the Vestry. Each year, income and any realized or unrealized gains or losses are allocated to each fund within the Endowment Fund based on relative market values at the end of the year.

The inception date of the new fund shall be within 90 days in which the gift was received. The initial value of the new fund shall be the actual value of cash received or the market value of any other type of asset received on the date the fund is established.

III. Donor-restricted gifts above \$5,000

The Vestry may establish a new and separate cash fund (a cash fund that is tracked by the Treasurer on Epiphany's financial statements) for a donor-restricted gift above \$5,000.

Such funds shall be used in accordance with donor-restrictions, on a timely basis, and at the discretion of the Vestry.

The inception date of the new fund shall be within 90 days in which the gift was received. The initial value of the new fund shall be the actual value of cash received or the market value of any other type of asset received on the date the fund is established.

IV. Guidance to donors on restriction

A restricted fund may become less relevant over time as the needs of the church shift. The Vestry and staff of Church of the Epiphany shall, when appropriate, encourage donors to allow for long-term review of donor restrictions.

A sample clause that donors may include in their gift restriction:

Following a period of not less than 7 years after the initial conception of a donor-restricted fund, the Vestry and the Finance Committee may reassess the utility of the original intentions of the gift. If the Vestry and the Finance Committee determine that the original purpose of the donor-restricted fund no longer serves the mission and ministry of Church of the Epiphany, its purpose may be modified. Such changes to a donor-restricted fund are only possible with approval from the Vestry and the diocesan Standing Committee.

This rule does not apply to donor-restricted funds within the Endowment Fund, which has separate protections. Also, this rule does not apply to donor-restricted funds established prior to the initiation of this Gift Acceptance Policy.

Gift Review Committee

On behalf of Epiphany, the Vestry must review and approve or reject all gifts to Epiphany or any endowment, investment or other fund. Given the specialized nature of many gifts, the Vestry may wish to consult parishioners with financial expertise prior to making these decisions. As such, this policy establishes a Gift Review Committee, which shall consist of the members of the Endowment Committee, including ex-officio members without votes, unless otherwise established by the Vestry. The Gift Review Committee shall provide information, advice or recommendations to the Vestry as set out in these policies or otherwise requested.

Acceptance Guidelines by Asset Type

a. Cash

The Vestry shall accept all gifts made by check without regard to amount. All checks must be payable to *Church of the Epiphany* and in no event may be payable to an individual who represents Epiphany in any capacity.

b. Publicly Traded Securities

The Vestry may accept readily marketable securities, such as those traded on an exchange. The value of a gift of such securities is the average of the high and low prices on the date of the gift. Typically, a gift of such securities is liquidated immediately.

c. Closely Held Securities

The Vestry may accept non-publicly traded securities after consultation with the Gift Review Committee. The value of a gift of such securities is the value used by the donor in preparation of the donor's tax return. *Prior to acceptance*, the Gift Review Committee must explore methods for the liquidation through sale or redemption and shall try to determine (a) any restrictions on transfer and (b) if and when an initial public offering is expected. No commitment for the repurchase of closely held securities may be made prior to the completion of the gift of such securities.

d. Real Estate

The Vestry must refer any gift of real estate to the Gift Review Committee. All gifts of real estate must be appraised by an independent professional, typically at the expense of the donor. The appraisal must be based on a personal visit and internal and external inspection and, if possible, include documented values of comparable properties in the same area. The 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 all mortgages, liens, litigation, or title disputes as well as, if requested, an environmental assessment.

If the Vestry accepts the gift of real estate, it must be transferred to Epiphany before any formal offer or contract for purchase. The Vestry may ask the donor to pay in full or in part the cost of maintenance, insurance, real estate taxes, and broker's commission or any other cost of sale. The value of the gift is the appraised value of the real estate, which may be reduced by the cost of maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.

e. Life Insurance

The Vestry must refer any gift of a life insurance policy to the Gift Review Committee. The Vestry may accept a gift of ownership of a life insurance policy only if Epiphany is named both the owner and beneficiary of 100% of the policy. If the policy is fully paid up, the value of the gift is the replacement cost of the policy. If the policy is partially paid up, the value of the gift is the policy's cash surrender value or interpolated terminal reserve value. Epiphany may also be named a full, partial or contingent beneficiary of a life insurance policy.

f. Tangible Personal Property

The Vestry authorizes the Rector the discretion to accept gifts of tangible personal property that may be used in equipping the parish facilities with necessary supplies and furnishings. This may include desks, filing cabinets, sofas, chairs, software, and office equipment, among other examples. Further, the Vestry authorizes the rector the discretion to accept gifts that are intended for use in the worship life of the parish.

Gifts of jewelry, artwork, collections, or other forms of tangible personal property shall be reviewed by the Gift Review Committee who shall assess the value to Epiphany of any such

property. Epiphany may use these gifts of tangible personal property in connection with its exempt purpose or may sell the gifts. The Gift Review Committee may ask a qualified outside appraiser to determine the value of a gift of tangible personal property. The Vestry shall adhere to all IRS requirements relating to the value and disposition of gifts of tangible personal property and will provide appropriate forms to the donor and the IRS.

g. Deferred Gifts

The Vestry encourages deferred gifts to Epiphany or any endowment, investment or other fund. Deferred gifts may be made in various ways including:

- Bequest
- Beneficiary designation
- Retained life estate
- Charitable gift annuity
- Pooled income fund
- Charitable remainder trust
- Charitable lead trust
- Donor advised fund

Epiphany, or an agent of Epiphany, shall not act as executor or personal representative for a donor's estate. A staff member serving as personal representative for a member of Epiphany does so in a personal capacity and not as an agent of Epiphany. Epiphany, or an agent of Epiphany, shall not act as trustee of any charitable remainder trust.

Epiphany may invite donors to consider gift vehicles offered by the Episcopal Church Foundation, including charitable gift annuities, pooled income funds, charitable remainder trusts and donor advised funds. Gift illustrations or form documents are provided at no cost.

The following disclaimer should be included in any materials, documents, illustrations, letters or other correspondence related to deferred or planned gifts:

Church of the Epiphany strongly urges you to consult with your attorney, financial advisor and/or tax advisor to review this information provided without charge or obligation. This information in no way constitutes legal, financial or tax advice.

Epiphany and its staff and volunteers will hold in strictest confidence all information from or about donors and potential donors. The name of any donor, as well as the amount or conditions of any gift, will not be published without the express written or oral approval of the donor and beneficiary.

The Vestry will seek qualified professional counsel in connection with the consideration and execution of all deferred or planned gift agreements and will offer appropriate remuneration for professional services.

The Vestry, upon the advice of the Gift Review Committee, may decline any deferred or planned gift that does not further the mission of Epiphany or that would impose an unreasonable administrative burden or require Epiphany to incur excessive expenses.