

Cathedral Church of St. Paul  
San Diego, CA  
Gift and Bequest Acceptance Policy

The Cathedral Church of St. Paul, a religious corporation organized under the laws of the State of California, encourages the solicitation and acceptance of gifts and bequests for purposes that will help to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts and bequests made to the Cathedral to benefit its ministries.

I. Purpose of Policies and Guidelines

Cathedral staff solicit current and deferred gifts from individuals to secure future growth and mission of the Cathedral. These policies and guidelines govern the acceptance of such gifts and provide guidance to prospective donors and their advisors when making gifts to the Cathedral. The provisions of these policies shall apply to all gifts received for any of the programs or services, not just gifts to the Cathedral's enduring gifts and endowment funds. The purpose of this policy is to avoid accepting gifts that would be detrimental to the Cathedral and to provide guidance to facilitate gift acceptance.

II. Gift Acceptance Committee

The Dean, the Treasurer, the Chancellor and one or two others as deemed appropriate by the Dean will comprise the Gift Acceptance Committee. The Gift Acceptance Committee will update this policy as needed and present it to Chapter for adoption.

III. Use of Legal Counsel

The Gift Acceptance Committee shall seek the advice of the Chancellor or other 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 Cathedral as Trustee
- c. Gifts involving contracts, such as bargain sales or other documents requiring the Cathedral to assume an obligation
- d. Transactions with potential conflicts of interest that may invoke IRS sanctions
- e. Other instances in which use of counsel is deemed appropriate

The Cathedral will urge all prospective donors to seek the assistance of legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Cathedral cannot and will not render any legal advice concerning tax liability and/or estate planning matters.

#### IV. Restrictions on Gifts

The Cathedral may accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. The Cathedral will not accept gifts that are overly restrictive in purpose. The final determination on the acceptance of restricted gifts shall be made by the Gift Acceptance Committee.

Gifts that are overly restrictive include those that violate the Cathedral's charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Cathedral. When considering a gift for a special purpose, the Gift Acceptance Committee should evaluate the gift in light of potential ancillary or hidden costs and considerations: permits, installation, maintenance, training, insurance, technical concerns and requirements, easements, conservation and safety. After consideration, the Cathedral may ask the donor to cover these extra costs as a condition of accepting the gift.

After review and determination of acceptability, the Gift Acceptance Committee will forward a recommendation for acceptance of any significant restricted gifts to the Chapter for approval. The Chapter shall approve the acceptance of any significant restricted gift prior to the gift being accepted by the Cathedral.

#### V. Types of Gifts

A. The following types of gifts are considered in this policy:

1. Cash
2. Marketable Securities
3. Tangible Personal Property
4. Real Estate
5. Planned Gifts
  - a. Bequests
  - b. Retirement Plan Beneficiary Designations
  - c. Life Insurance Beneficiary Designations
  - d. Charitable Gift Annuities
  - e. Pooled Income Funds
  - f. Charitable Remainder Trusts
  - g. Charitable Lead Trusts
  - h. Donor-Advised Funds

The Gift Acceptance Committee will consult with real estate appraisers, environmental analysts, property brokers, specialized legal counsel or other experts 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:

1. **Cash:** Cash gifts are acceptable in any form, including cash, check, credit card or on-line payment. Checks shall be made payable to The Cathedral Church of St. Paul and sent or delivered to 2728 Sixth Avenue, San Diego, CA 92103.

2. **Marketable Securities:** The Cathedral can accept publicly traded securities. Closely held securities can be accepted only with prior approval of the Gift Acceptance Committee. Gifts of closely held securities must be reviewed prior to acceptance to determine that:

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

Under current IRS rules, the value of the gift of securities is the average of the high and low price on the date of the gift.

3. **Tangible Personal Property:** These gifts include artwork (including paintings, statues, etc.), jewelry, cars, boats, and any other personal property. These gifts will rarely be accepted, and if they are ever considered for acceptance by the Cathedral, they shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Cathedral?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs or other expenses associated with the property?

With respect to artwork, additional considerations include:

- What is the appropriate siting in terms of media, scale, site usage and aesthetics?
- What, if any, are the technical concerns?
- Is there a warrant of originality or copyright?
- Is there any patent or title right?
- Why should the artwork be displayed at the Cathedral? Is the purpose appropriate to the interests of the public, diocese and fabric of the community at St. Paul's?

The final determination on the acceptance of other tangible personal property gifts shall be made by the Gift Acceptance Committee. The donor is responsible for setting an appraised value on the gift of tangible personal property.

Per current IRS rules, for gifts of property valued at \$500 or more, a donor must submit a Form 8283, and, for property valued at more than \$5,000, a

donor must obtain a qualified appraisal of the property, attach an appraisal summary to the tax return on which the contribution is claimed and provide a copy of the appraisal to the Cathedral. If the property is sold within a three-year period, the Cathedral must submit an information return, Form 8282, to the IRS.

4. Real Estate: Gifts of real estate will rarely be accepted. 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 Cathedral may require an initial environmental review of the property to ensure that the property has no environmental damage. If the initial inspection reveals a potential problem, the Cathedral 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 insurance binder shall be obtained by the Cathedral prior to acceptance of the real property gift. The expense of this title insurance binder shall be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and Chapter. Criteria for the acceptance of the property shall include:

- Is the property useful for the purposes of the Cathedral?
- Is the property marketable?
- Will the Cathedral be the sole owner? It is strongly recommended to avoid situations with multiple owners. Minority ownership can lead to situations where the other owners will not agree to sell and the Cathedral is saddled with costs such as property taxes, legal fees, etc.
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, back taxes, mechanics or tax liens, mortgages, HOA fees, special assessments, cleaning, repairs, upgrades, inspections, utilities, notes, title insurance, closing costs, realtor commissions, etc. associated with the property?
- Does the environmental audit reflect that the property is not damaged?
- Will owning or selling the property expose the Cathedral to liability?
- What staff and volunteer time is required to manage or sell the property?
- Are the time and cost of handling the property disproportionate to its expected value?

Per current IRS rules, for gifts of property valued at \$500 or more, a donor must submit a Form 8283, and, for property valued at more than \$5,000, a donor must obtain a qualified appraisal of the property, attach an appraisal summary to the tax return on which the contribution is claimed and provide a copy of the appraisal to the Cathedral. If the property is sold within a three-year period, the Cathedral must submit an information return, Form 8282 to the IRS.

5. **Planned Gifts:** The Cathedral encourages deferred gifts in its favor through any of a variety of vehicles:
- a. **Bequests** Donors and supporters of the Cathedral are encouraged to make bequests to the Cathedral under their wills and trusts. Alternatively, donors and supporters may title bank and investment accounts to Transfer on Death (TOD) to the Cathedral. Such bequests will not be recorded as gifts to the Cathedral until such time as the gift is irrevocable.

- b. **Retirement Plan Beneficiary Designations** Donors and supporters are encouraged to name the Cathedral as beneficiary of the retirement plans. Such designations shall not be recorded as gifts to the Cathedral until such time as the gift is irrevocable.

- c. **Life Insurance Beneficiary Designations** Donors and supporters are encouraged to name the Cathedral as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Cathedral until such time as the gift is irrevocable.

The Cathedral may invite prospective donors to consider gift vehicles offered by The Episcopal Church Foundation (ECF) and other providers:

- d. **Charitable Gift Annuities (or deferred gift annuities)** Donors may arrange for Charitable Gift Annuities benefiting the Cathedral through ECF or other providers. A charitable gift annuity is a contract between the donor and the provider. In exchange for an irrevocable gift of cash or securities, the provider agrees to pay one or two annuitants whom the donor designates a fixed annuity for life. When the income beneficiary dies, the provider releases the funds remaining in the account to the Cathedral.

- e. **Pooled Income Funds** Donors may arrange for Pooled Income Funds ultimately benefitting the Cathedral through ECF or other providers. In a pooled income fund a donor's gift will be "pooled" with other gifts in a professionally managed investment portfolio. The donor, or the designated beneficiary, will be guaranteed an income for life, although the amount of income will depend on the rate of return on the fund's investments. Under current tax rules, the donor may receive an immediate federal income tax deduction and a possible reduction of estate taxes. Upon the donor's death, or that of the final beneficiary, the remaining property will come to the Cathedral.

- f. **Charitable Remainder Trusts** A charitable remainder trust allows the donor to designate the beneficiary of regular payouts from trust proceeds (for either a fixed dollar amount or a fixed percentage) during his or her lifetime or for a period of time, not to exceed twenty years. At the same time, the Cathedral is designated a remainder beneficiary. This allows the donor to possibly claim a current tax deduction for the estimated portion of the assets that will ultimately go to the Cathedral upon death or the expiration of the fixed period.

The Cathedral may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee. The Cathedral will not accept appointment as Trustee of a charitable remainder trust. Charitable remainder trusts benefiting the Cathedral are available through ECF and other providers.

**g. Charitable Lead Trusts** Charitable lead trusts appeal to individuals who wish to make a gift but retain the property. These irrevocable trusts are, essentially, the reverse of charitable remainder trusts in that the payments from a charitable lead trust will first go to the Cathedral for a specific period of time, usually between 10 and 20 years, after which time the principal and all capital appreciation of the trust will revert to the donor or to those designated.

The Cathedral may accept designation as income beneficiary of a charitable lead trust. The Cathedral will not accept appointment as Trustee of the charitable lead trust.

**h. Donor-Advised Funds** A donor-advised fund, or DAF, is a philanthropic vehicle established by a donor at a public charity for the sole purpose of supporting charitable organizations. A DAF allows donors to make a current charitable contribution, potentially receive an immediate tax benefit and then recommend grants from the fund to any IRS-qualified public charity in the future. A number of financial institutions including ECF, Fidelity, Schwab, Vanguard and the San Diego Foundation offer this service.

## VI. Other

The Cathedral (or its agent) shall not act as an executor (personal representative) for a donor's estate. A member of the parish 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. As noted above, the Cathedral shall not act as trustee of any trust.

Donors are normally responsible for paying all legal fees and other fees associated with gifts and planned giving vehicles. Exceptions to that policy can be made, when warranted, upon the recommendation of the Gift Acceptance Committee and approval of Chapter.

Any literature or correspondence provided by the Cathedral related to planned giving should include the following disclaimer:

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

This Gift and Bequest Acceptance Policy is adopted by the Chapter of The Cathedral Church of St. Paul and may be amended or modified only by the Chapter.

E. Monsell  
9/27/2018