



CHURCH *of the* **INCARNATION**

COTI GIVING GUIDELINES

September 2023

“You will be enriched in every way to be exceedingly generous. And your generosity will lead us to give thanks to God.” —2 Corinthians 9:11

Dear Friend,

Thank you for your interest in making a gift to the Church of the Incarnation.

Regular financial giving is an essential part of the Christian faith. In response to God’s grace in Jesus Christ and in obedience to Christ’s commands, Christians are called give regularly in support of the ministries of God’s Church.

The most important and honorable gift that we make is the regular tithe to the Church’s general operating budget. Members of Incarnation are asked to submit a “pledge” each year, indicating the amount they will give in the coming year, so that the Church can make its annual budget which sustains our various ministries.

At times, members or friends of the Church will make special gifts, such as real estate, securities or retirement plan beneficiary designations. These gifts are also instrumental to sustaining the Church’s ministries, and we give thanks for them.

Whether regular tithes or occasional offerings, all gifts to Incarnation are most useful and highly valued when they are “unrestricted”—that is, not designated or restricted for only certain purposes. Unrestricted giving allows the Church’s leadership to direct funds to our current ministry priorities and thus fully promotes the fulfillment of God’s mission possible.

Given the complex realities of a modern economy and the nature of certain gifts, it is important that the Church operate with a clear and consistent giving policy. The following guidelines are intended to communicate how the Church of the Incarnation receives, evaluates, and processes many types of gifts.

I hope that this document is helpful to you in your discernment of how to give to our Church. May God bless you and keep you, make his face to shine upon you, and grant you his peace (Numbers 6:24-26).

In Christ’s name,

The Rev. Dr. Christopher A. Beeley
Rector

A. Purpose of Guidelines

The Church of the Incarnation (“the Church”), a not-for-profit organization organized under the laws of the State of Texas, encourages the solicitation and acceptance of gifts to further and support the mission of the Church.

The Church asks for current and deferred gifts to secure the future growth and mission of the Church. The most significant and highly valued Gifts are those that COTI may use in an unrestricted manner. Unrestricted gifts offer the greatest flexibility especially if unforeseen circumstances arise. COTI asks and encourages parishioners to make unrestricted gifts whenever possible.

The following policies and guidelines offer guidance to prospective donors and their advisors when making gifts to the Church. The provisions of these policies apply to all gifts received by the Church.

B. Types of Gifts

The following types of gifts may be useful and acceptable to the Church:

1. Cash
2. Tangible Personal Property
3. Securities
4. Cryptocurrency
5. Real Estate
6. Oil, Gas, and Mineral Interests
7. Life Insurance Policies
8. Beneficial interests in Charitable Remainder Trusts
9. Beneficial interests in Charitable Lead Trusts
10. Retirement Plan Beneficiary Designations
11. Bequests
12. Other gifts

The following criteria govern the acceptance of each gift form:

1. **Cash:** Cash is acceptable in US dollars. Checks should be made payable to Church of the Incarnation and delivered to the Church of the Incarnation, 3966 McKinney Avenue, Dallas, Texas 75204.
2. **Tangible Personal Property:** The Church may accept gifts of tangible personal property (*e.g.*, books, paintings, musical instruments, etc.) if the gift furthers the mission of the Church. Additionally, the Vestry may evaluate any gift of tangible personal property to decide whether:
 - a) The property is marketable.
 - b) There are restrictions on the use, display, or sale of the property.
 - c) There are carrying costs (such as insurance, security measures or storage) for the property.

- d) The property can be sold with minimal effort.

Final determination on the acceptance of tangible property gifts will be made by the Vestry. The value of a gift of tangible personal property will be decided following Internal Revenue Service requirements, which may require the property to be valued by a qualified appraiser at the expense of the donor.

3. **Securities:** The Church may accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may be transferred to an account held at one or more brokerage firms chosen by the Church or delivered physically with the transferor's signature or stock power attached. Generally, all marketable securities will be sold upon receipt. In some cases, applicable securities laws may restrict marketable securities; in which case the Vestry will decide whether to accept the restricted securities. The Church encourages Donors to involve their legal counsel in making any gift of restricted securities to the Church.

Closely Held Securities: The Church may accept closely held securities, which include debt and equity positions in non-publicly traded companies as well as interests in LPs, LLPs and LLCs, or other ownership forms, subject to the approval of the Vestry. Other considerations include:

- a) If the security is marketable.
- b) Its market value.
- c) If there were restrictions on the closely held security that would prevent the Church from converting it to cash.
- d) If the security generates undesirable tax consequences for the Church, including unrelated business taxable income.
- e) If the security will create any potential liability to the Church; and
- f) If the closely held entity engages in activities that would be inconsistent with Church objectives.

The Vestry may, in its discretion, seek additional review and advice from outside professionals before deciding whether to accept any closely held security.

4. **Cryptocurrency:** The Church may accept a gift of cryptocurrency or other form of digital currencies; however, any such gift must be at once convertible into U.S. Dollars without any cost to the Church or excessive time and effort. The value of the gift will only be decided at the time of conversion.
5. **Real Estate:** The Church may accept a gift of real estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior beneficial interest, such as a remainder interest subject to a life estate. Before acceptance, the Vestry and the Church's legal counsel will review the gift. Criteria for acceptance of the property will include consideration of:
 - a) If the property is useful for the purposes of the Church.

- b) Whether the property is marketable.
- c) Its market value.
- d) If there are restrictions, reservations, easements, or other limitations associated with the property.
- e) If there are carrying costs (such as insurance, property taxes, or mortgage payments) associated with the property; and
- f) Whether the property is in an acceptable environmental condition.

If a Gift of real estate is made while the Donor is alive, the Donor will typically be expected to pay any costs associated with the property, such as maintenance, appraisal, or legal fees, unless the Vestry concludes otherwise. In the case of a remainder interest in real estate, the term or lifetime beneficiary may occupy the real property for the stated duration of the beneficial interest, after which time the Church may use the property for its exempt purposes or sell it. If the Church receives a gift of a remainder interest, expenses for maintenance, taxes, any property indebtedness and other expenses of the property are to be paid by the donor or term or lifetime beneficiary.

When suitable, the Church will obtain a title binder before accepting a gift of real property. Generally, the donor will bear the cost of this title binder.

Before accepting real estate, the Vestry may attempt to determine if there is or could be environmental contamination on the property, including by requesting one or more of the following: that the potential donor complete a questionnaire related to the property; an informal inspection of the property; an environmental audit of the property performed by a qualified inspection firm; and confirmation that the property does not appear on any National or State hazardous site lists. Generally, the donor will bear the cost of an environmental audit.

Note Regarding Disposal of Donated Property: *From time to time the Church may own property that no longer meets the missional needs of the Church, or the maintenance of which prevents good stewardship of the Church's funds. In some instances, the property may be put to better use by donating it to another Episcopal or religious organization. Although the Church recognizes that some members may feel sentimental attachment to property, the formal policy of the Church is that even restricted gifts do not imply the Church must keep the property for all time unless the Church expressly agrees to do so in writing when the gift is accepted.*

Therefore, a written agreement between the donor and the Church about a gift of real estate and the terms of its donation will be signed and placed in the Church's permanent records. Unless such an agreement provides otherwise, the Church has the right to dispose of the real estate if and when its care and maintenance becomes unreasonably burdensome, or the mission of the Church can best be fulfilled by its disposal. In such cases the Vestry, in consultation with the clergy and staff of the Church, will decide whether the real estate is to be donated, sold, or otherwise disposed of.

6. **Oil, Gas, and Mineral Interests:** The Church may accept gifts of oil and gas mineral interests. Before acceptance, the Vestry and the Church's legal counsel will review the Gift. Criteria for acceptance of oil and gas property interests include:

- a) Its surface rights value.
- b) The amount the gift of oil, gas and mineral interests generates per year in royalties or other income, as found by the average of the three years prior to the gift.
- c) If the property has extended liabilities or other considerations that make receipt of the gift inappropriate.
- d) Whether the property has undergone an environmental review to ensure that the Church has no current or potential exposure to environmental liability.

Note Regarding Acceptance of a Working Interest: *A working interest will rarely be accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.*

7. **Life Insurance Policies:** The Church may accept gifts of life insurance provided the Church is named as a primary or alternate beneficiary under the policy. A gift of a life insurance policy will be valued as required by Internal Revenue Service rules (usually not the full value of the death benefit).
8. **Charitable Remainder Trusts:** The Vestry may accept designation of the Church as a remainder beneficiary of a charitable remainder trust. The Church will not accept appointment as Trustee of a charitable remainder trust.
9. **Charitable Lead Trusts:** The Vestry may accept a designation of the Church as lead beneficiary of a charitable lead trust. The Church will not accept an appointment as Trustee of a charitable lead trust.
10. **Retirement Plan Beneficiary Designations:** Donors and supporters of the Church are encouraged to name the Church as beneficiary of their retirement plans.
11. **Bequests:** Donors and supporters of the Church are encouraged to make bequests to the Church in their wills and trusts.
12. **Other Gifts:** To the extent a gift is not shown here, COTI will review other gifts consistent with the Acceptance of Gifts guidelines shown in Section C below.

C. Acceptance of Gifts

The Church of the Incarnation Vestry has the exclusive authority to accept or refuse gifts on behalf of the Church.¹ The Vestry may review any gift considering the following principles of whether:

1. Acceptance of the Gift is consistent with the Church's ministries, mission, or purpose.
2. Acceptance of the Gift will result in a violation of law, a violation of the Church's corporate charter, or the loss of the Church's status as a tax-exempt organization under Internal Revenue Code Section 501(c)(3).
3. A Gift creates an undue or burdensome obligation on the Church.
4. A Gift is difficult or costly to hold, sell, or otherwise administer.
5. The Gift is from a source that is inconsistent with the Church's values.

If a gift is not accepted, the Vestry will do all that it reasonably can to honor the donor's intention of generosity and will look for alternatives acceptable to both the donor and the Church if such alternatives are available. Christian decorum, politeness, and gratitude will be the operative attitude in such negotiations and will prevail even if a satisfactory solution cannot be found.

D. Miscellaneous Provisions

1. **Apportionment of gifts:** The Church may apportion up to 25% of any designated gift to the general operating fund before restricting the gift to the donor's desired intent.
2. **Unused funds:** Upon conclusion of purpose or time, any unused designated funds are automatically released to the general operating fund.
3. **Securing appraisals and legal fees for gifts to the Church:** It will be the donor's responsibility to secure an appraisal (where required) and independent legal counsel for all gifts made to the Church.
4. **Valuation of gifts for development purposes:** The Church will record a gift received by the Church at its valuation for gift purposes on the date of gifting.
5. **Acknowledgement of gifts:** The Church will be responsible for acknowledging all gifts made to the Church and complying with applicable IRS requirements.

¹ Following the Gift Solicitation and Acceptance Internal Policy of the Church, the Vestry may designate an individual, such as the Rector, or a committee, whether such committee exists at the time or is created by such designation, to assist it in carrying out its responsibility related to reviewing gifts under this Policy. All references to the Vestry include any such designee(s). Notwithstanding the foregoing, the Vestry retains the exclusive authority to accept or refuse a gift.

E. Legal

The Vestry will seek the advice of legal counsel on behalf of the Church in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

1. Transfers of closely held stock that are subject to transfer restrictions.
2. Gifts involving contracts requiring the Church to assume an obligation.
3. Transactions with a potential conflict of interest that may invoke IRS sanctions; and
4. Other instances in which the use of counsel is considered suitable by the Vestry.

F. Conflict of Interest

The Vestry and the Church 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. If a conflict of interest or potential conflict of interest arises between a member of the Vestry and the Vestry in connection with a gift or proposed gift, the member will promptly disclose the conflict to the Senior Warden and seek a resolution of the conflict.

G. Changes to Gift Acceptance Policies

The Vestry must approve any changes to these policies.