

FUNDRAISING POLICY
OFFICE OF STEWARDSHIP
PHILLIPS THEOLOGICAL SEMINARY
901 NORTH MINGO ROAD
TULSA, OK 74116

Approved by the
Phillips Theological Seminary
Stewardship Committee of the Board of Trustees
May 16, 2008

Purpose and General Guidelines

The office of stewardship exists to create, sustain, and deepen relationship with individuals and groups who will support financially the educational mission of the seminary. In order to secure sufficient gifts for the seminary's educational mission, the stewardship staff will seek, cultivate, ask, and thank individuals, congregations, corporations, and foundations that affirm and desire to strengthen the vision, mission, and values of PTS by means of their financial gifts and their service.

Key indicators of effective stewardship work include:

- Sufficient funds to enable PTS to fulfill its mission responsibly by operating debt-free, with annual balanced budgets, and with an accumulated reserve fund to cover financial emergencies.
- Sufficient funds to enable PTS to enhance its programs, services, human, physical, and financial resources over time.
- Conducting our fundraising with the highest standards of integrity, a gold standard of which is respecting the donor's intention. In all of its stewardship program activities, the seminary will abide by the Association of Fundraising Professionals Code of Ethics and the Donor Bill of Rights (see appendices).
- Acknowledging gifts properly and in a timely manner.

Scope of responsibility and staffing

Responsibilities for fundraising, alumni/ae relations, and marketing/communications programs are assigned to the office of stewardship. Competing fundraising efforts by trustees, faculty, students, or friends of the seminary jeopardize the seminary's comprehensive fundraising program. All fundraising efforts are coordinated by the office of stewardship.

Recognizing the importance of stewardship for the institution in terms of financial credibility, identity, and reputation, the following minimum full-time staffing is authorized:

- Seminary President - All rights, privileges, and responsibilities related to the position of chief fund-raising officer and leader of the stewardship program.
- Senior Director of Stewardship - All rights, privileges, and responsibilities as assigned by the president.
- Stewardship Directors - All rights, privileges, and responsibilities as assigned by the vice president of stewardship.
- Assistant for the Stewardship Office - All rights, privileges, and responsibilities to support the vice president and the stewardship directors as assigned by the vice president of stewardship.
- Data Management Specialist - All rights, privileges, and responsibilities to support the data needs of the stewardship office and the business office.

The role of trustees in the fundraising program

Each member of the board of trustees shall participate in fundraising efforts both through personal contribution and by assisting in some manner with donor cultivation/solicitation. The fundraising program must be able to depend on one hundred percent trustee participation and a significant portion of the annual budget underwritten by trustee-derived gifts and grants.

Authorized causes

The board of trustees authorizes the solicitation and receiving of gifts in support of the following causes:

- GENERAL OPERATING - gifts to underwrite the annual operating budget, which may include Academic Programs and Special Projects. Such gifts must be unrestricted or restricted only to regular budgeted operating line items.
- CAPITAL - gifts to purchase equipment/supplies and to build, furnish, and maintain facilities. Such gifts may be restricted by the donor to named projects, providing that such projects are authorized through the approved operating budget or by the trustees through a capital campaign, or gifts may be unrestricted to capital for use at the seminary's discretion. The seminary will not accept gifts for unauthorized capital projects.
- ENDOWMENT - gifts to establish permanently restricted, temporarily restricted, or board-restricted investment funds from which only earnings can be disbursed. Such gifts may be restricted by the donor to named endowments. Individuals may not restrict gifts to endowment projects that are not pre-approved.

Fundraising priorities

PTS shall operate a fundraising program with the following priorities of asking:

- PRIORITY #1 - GENERAL OPERATING: The first priority of the stewardship program shall be unrestricted operating gifts to ensure that the institutional operating budget is balanced annually.

- **PRIORITY #2 - ENDOWMENT:** The seminary looks to endowment growth as a significant factor in producing additional annual operating revenues. A primary means of growing the endowment is through a program of planned giving (see p. 7 below)
- **PRIORITY #3 - CAPITAL:** The stewardship staff is authorized to give time and energy to gift solicitations for authorized capital projects in addition to general operating gift support. Priority #1 shall not preclude unsolicited individual gifts for authorized capital and projects or targeted solicitations of individuals, corporations, or foundations that would not support the annual fund but that may contribute toward a specific capital project.

Types of assets accepted as gifts

The seminary may accept various types of assets as gifts regardless of whether the gift is outright or planned/deferred. Such assets include but are not limited to:

- Cash in the form of coin or currency, check, money order, credit card charge, electronic funds transfer.
- Stocks, bonds, mutual fund shares, equities, and related negotiable instruments.
- Real estate and buildings.
- Tangible personal property such as collections (e.g., art, coins, rare books, antiques), vehicles, jewelry, furniture.

All gifts, regardless of type, must meet all IRS guidelines for charitable contributions. The stewardship office is prohibited from receiving assets with unclear title of ownership or any assets with a transfer of mortgage or other legal encumbrances.

Authorized methods of solicitation

The fundraising program is authorized to solicit gifts using the following methods:

- Direct mail
- Telephone
- Personal visitation
- Area drives using the above methods
- Special events
- Grant proposals
- Campaigns – as approved by the board of trustees
- Online.

Authorized gift sources

The fundraising program is authorized to solicit the following sources and is encouraged to develop new donors within each source category:

- Individuals (i.e., friends), Alumni/ae, Faculty/Staff
- Students, Trustees, Parents, Relatives
- Churches, Trusts, Foundations, Corporations

Gift restrictions

All gift solicitations and acceptance of gifts shall meet all applicable substantiation rules for charitable contributions as established by the Internal Revenue Service. Specifically, this policy prohibits the acceptance of any gift which benefits an individual or cause not duly identified as an authorized 501(c)(3) gift; but this policy *does* authorize “split” money receipts where a portion is a qualified gift and a portion provides benefit to the donor, e.g., a ticket for a scholarship benefit dinner.

Office of stewardship responsibilities

The senior director of stewardship and the stewardship directors, in consultation with the president and as held accountable by the stewardship committee of the board of trustees, are responsible for:

- Ensuring that the fundraising program operates with the priorities as set out in this policy document.
- Ensuring that the fundraising program attains or exceeds the annual gift revenue goals and objectives required for a balanced budget.
- Approval of all new endowment funds. Approval will take into consideration such issues as compliance with a standardized scholarship endowment format, endowment fund size limitations, and the mission of the seminary.
- Approval of all capital project gifts to ensure such gifts are for authorized projects.
- Approval of all restricted gifts to the annual operating budget.
- Ensuring that all gifts meet IRS substantiation requirements.
- Approval of all deferred gifts as outlined in this policy document.
- Oversight of all annual endowed scholarship recipient communication with donors and endowment founders.
- Annual reporting to the founders or heirs of all endowments regarding size, earnings, utilization of earnings, and compliance with endowment description.

Professional resourcing

The Office of Stewardship is authorized, subject to normal budget constraints, to retain such professional counsel (e.g., attorneys, deferred/planned gift experts, campaign consultants, and advertising/public relations consultants) as necessary to ensure the fundraising program of PTS meets its goals and objectives.

Permanent, Temporarily Restricted, and Quasi Endowments

- Permanent endowment - an endowment where the guiding/establishing vehicle dictates the endowment be established in perpetuity and which makes provision for disposition of assets should Phillips Theological Seminary cease to exist. Unless specifically requested otherwise by the donor, all endowments written by Phillips Theological Seminary will contain the proper wording to be permanent endowments.

- Temporarily restricted endowment - an endowment where the guiding/establishing vehicle dictates that the endowment shall be restricted for a defined period of time, after which time the endowment corpus may be moved into either the permanently restricted endowment or released from restrictions, depending on the terms of the guiding/establishing document.
- Quasi endowment - an endowment where the guiding/establishing vehicle (e.g., board minutes) is determined by the board of trustees, i.e., such endowments are self-determined endowments. Trustees are encouraged to generate regular and ongoing quasi endowments from financial surpluses over and above the invested cash operating reserve fund and unrestricted gifts. Quasi endowments, by virtue of having been established by the trustees, are eligible for liquidation and disbursement at any time through trustee action. NOTE: All matching corporation/foundation gifts are considered quasi by state law and are so noted in the seminary endowment records and reported accordingly.

Endowment fund gift size standards

For purposes of administrative management, cost effectiveness, and endowment credibility, the following endowment fund size guidelines shall apply to all new endowment funds established after the date of this policy. However, the time standards regarding accumulation of the corpus may be modified by the vice president of stewardship, the president, or the board of trustees in specific instances or during a campaign.

- Named endowed scholarship - minimum of \$25,000 (including matching funds, if applicable) with donors allowed five years to accumulate the full corpus. If the \$25,000 level is not met within five years, the endowment will be pooled in the permanent General Endowed Scholarship Fund.
- Named fully endowed scholarship – minimum of \$250,000 (including matching funds, if applicable) with donors allowed five years to accumulate the full corpus. If the \$250,000 level is not met within five years, but is over \$25,000, the endowment will be a named endowed scholarship. If less than \$25,000 is given in five years, the endowment will be pooled in the permanent General Endowed Scholarship Fund.
- Named lectureship/special program - minimum of \$150,000 (including matching funds, if applicable) with donors allowed a maximum of five years to accumulate the corpus. If the \$150,000 level is not met within five years, the endowment will be pooled in the permanent Phillips Theological Seminary General Lectureship/Special Program endowment.
- Named endowed operating fund - minimum of \$500,000 (including matching funds, if applicable) with a maximum of five years to accumulate the corpus. If the \$500,000 level is not met within five years, the endowment will be pooled in the permanent Phillips Theological Seminary General Endowed Operating Fund.
- Named endowed professorship - minimum of \$1 million (including matching funds, if applicable) with a maximum of five years to accumulate the corpus. If the \$1 million level is not met within five years, the endowment will be pooled in the permanent Phillips Theological Seminary General Endowed Operating Fund.
- Named endowed chair - minimum of \$2 million (including matching funds, if applicable) with a maximum of five years to accumulate the corpus. If the \$2 million level is not met

within five years, the endowment will be pooled in the permanent Phillips Theological Seminary General Endowed Operating Fund.

General Phillips Theological Seminary permanent endowment funds

To accommodate and encourage smaller endowment gifts and to make allowance for endowment gift plans that do not attain full funding, the seminary will operate the following permanent endowments for pooling of gifts:

- Permanent General Endowed Scholarship - a memorial endowment fund wherein all gifts for endowed scholarships below the \$25,000 level are pooled and managed as a single fund with a donor recognition book maintained by the seminary's stewardship office and displayed prominently in a location accessible to the public.
- Permanent General Lectureship/Special Program Endowed Fund - a fund wherein all gifts for lectureship and special programs (including capital projects) endowment below the \$150,000 level are pooled and managed as a single fund with a donor recognition memorial book maintained by the seminary's stewardship office and displayed prominently in a location accessible to the public.
- Permanent General Endowed Operating Fund - a memorial endowment fund wherein all operating endowment gifts below the \$500,000 level are pooled and managed as a single fund with a donor recognition memorial book maintained by the seminary's development office and prominently displayed in a location accessible to the public.

Grandfather clause for existing endowments

Recognizing the existence of endowment funds in place and operational at the time this policy is implemented, it shall be seminary policy to honor existing endowments according to the terms at the time they were established or last modified. Only those endowments established after the date this policy document as approved by the trustees shall be required to meet the new purpose and size limitation guidelines.

Dissolution clause

Some of the older endowments, especially those that were awarded to the seminary at the time of the separation from Phillips University, have no guiding/establishing document. Those endowments shall be considered as permanently restricted endowments. As such, these endowments shall be governed by the following dissolution clause: "Should Phillips Theological Seminary cease to exist, this endowed fund and its name will be transferred to the Christian Church Foundation of the Christian Church (Disciples of Christ), or its successor, for management and distribution of the funds for other Disciples seminaries in accordance with the provisions contained herein."

Planned and Deferred Giving

The seminary shall encourage gift planning and shall conduct a planned giving program and be ready to assist donors with planned/deferred gift making in keeping with the following guidelines.

Third party management

The seminary shall maintain a partnership with the Christian Church Foundation and/or other qualified trust agencies to serve as third party managers and administrators for deferred gift vehicles established in support of the school. When utilizing the services of a third party manager, all third party policies and guidelines regarding gift size limitations for various deferred gift vehicles shall apply. The seminary is not authorized to manage or administer new deferred gift instruments unless specifically authorized by the board of trustees.

Authorization:

The seminary is authorized to enter into the following deferred gift agreements subject to the stipulation regarding third party management:

- Charitable gift annuities
- Life estate contracts
- Charitable lead trusts
- Charitable remainder trusts
- Charitable remainder annuity trusts

Oversight:

Upon recommendation by the director of planned giving, the stewardship staff shall approve all deferred gifts prior to their acceptance in order to protect the legal and financial position of the seminary.

Thanking Donors

Every gift received of every type will be acknowledged with a thank you note to the donor.

Donors who give \$1,000 or more in a given year may also be thanked with a small item bearing the PTS logo and worth not more than \$8.30 per item (2005 limit; or whatever the current IRS token gift limitations change to become). Major gifts may also be acknowledged with a more substantial gift, such as flowers, but within the IRS limitations in order that the seminary statement that “no benefits were received in received in return for this gift” remains valid.