

## LAMBETH UNITED CHURCH RESERVE FUND

The Board of Trustees of Lambeth United Church acting in the best interests of the Congregation at Lambeth have deemed it prudent and expedient to solicit donations, accumulate and set aside as a separate and distinct entity, a fund to be known as the “Lambeth United Church Reserve Fund.” (the “LUCRF”)

Such Fund shall be set aside and accumulated and such balance shall be so maintained and shall be reviewed on a regular basis by the Board of Trustees, at a meeting duly called. Such Fund shall be invested in accordance with the Investment Policy of the Board of Trustees, as amended from time to time, a current copy of which is appended hereto as Schedule “A”.

The purpose of the LUCRF shall be determined from time to time by resolution of the Board of Trustees of the Congregation at Lambeth of the United Church of Canada and approved by a resolution of the Lambeth United Church Council, acting in the best interests of the Congregation. It shall include, without limiting its use to such purposes,

- (a) support of the work of the Congregation at Lambeth, where extraordinary circumstances have made it unfeasible to continue the stated purposes of the Congregation at Lambeth without the use of such funds and
- (b) the work of the Congregation, as expressed by the Council of the said Congregation or the membership as expressed by two-thirds resolution of the parties present and entitled to vote at a meeting of the Congregation, duly called.

Any disbursements from the LUCRF shall be made in accordance with the purpose of the fund and the lawful orders and directions of the Lambeth United Church Council, in accordance with section 35 of the Congregational Trustees Handbook or other decisions, in accordance with the purpose of the fund, at the discretion of the Board of Trustees, acting reasonably and prudently, unless directed otherwise by the Lambeth United Church Council.

The general purpose of fund shall not normally include matters such as the meeting of the current expenses of the Congregation, or any other assessments levied to meet normal congregational or Presbytery charges.

## LAMBETH UNITED CHURCH RESERVE FUND

The Fund will receive gifts in the forms of:

Line 3 on the regular envelope donations

Gifts received In Memoriam without special designations

Gifts donated to the Church without special designations

Gifts donated to the Church in any form including Money, Publicly Traded Securities, Mutual Funds without designations.

Charitable tax receipts will be issued for the Fair Market Value, when any donation is made, as of the date received.

These gifts may result in favourable income tax treatment for the donor in the year given.

## CHARITABLE GIVING

The desire to leave a legacy is part of the human condition. If you wish to leave your mark on the world by contributing to a worthy cause, there are many options available to you. Many of your charitable giving options not only allow you to contribute to meaningful causes, but can lower your income tax payable (often resulting in more spendable income during your lifetime) and reduce the probate fees levied on your estate if made prior to your death.

The following are brief descriptions of the opportunities and incentives in place for you to make a positive contribution to your chosen cause, in increasing order of complexity.

### **A gift of securities**

From a tax standpoint, a donation of publicly listed securities or certain other securities such as mutual funds, directly to a charity (known as a “gift in kind”) is more advantageous for you than selling the same securities and subsequently donating the funds. The advantage arises from the fact that donating securities to a charity entitles you to a lower capital gains inclusion rate of 0% (instead of the usual 50%) upon the disposition of the securities. This means that upon donation of the securities, none of the capital gain is counted as income. The following example serves to illustrate the benefit of contributing securities as opposed to the cash proceeds of a securities sale:

#### Sale of shares purchased 10 years ago, and donation of cash proceeds to charity:

Cost base of shares: \$5,000  
Fair market value of shares: \$10,000  
Total capital gain: \$5,000  
Taxable capital gain (inclusion rate of 50%): \$2,500  
Tax payable on gain (top personal tax rate of 46%): \$1,150  
Donation receipt: \$10,000  
Charitable tax credit at 46%: \$4,600  
Net tax saving (charitable tax credit minus tax payable on gain): \$3,450

#### Direct donation of shares to charity:

Cost base of shares: \$5,000  
Fair market value of shares: \$10,000  
Total capital gain: \$5,000  
Taxable capital gain (inclusion rate of 0%): \$0  
Tax payable on gain (personal tax rate of 46%): \$0  
Donation receipt: \$10,000  
Charitable tax credit at 46%: \$4,600  
Net tax saving (charitable tax credit minus tax payable on gain): \$4,600

As you can see, you would save an additional \$1,150 in taxes by contributing your shares directly to a charity as opposed to selling the shares and subsequently donating the proceeds of the sale.

BOARD OF TRUSTEES OF LAMBETH UNITED CHURCH  
INVESTMENT POLICY STATEMENT

OBJECTIVE

To maximize investment yield while ensuring the protection of the Church's assets and providing adequate income to meet the exceptional needs of the Church.

AUTHORITY

The Treasurer of the Church in consultation with the Board of Trustees has the authority and the responsibility for managing the investment portfolio of the Lambeth United Church congregation. It is the policy to seek professional advice, which can include the retention of investment managers, to choose investments for the fund according to the guidelines established in the policy.

ASSET MIX

The market value of the individual asset classes will be within the following maximum and minimum aggregate investment limits.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	
Fixed Income	35%	60%	Bonds, Debentures, Treasury Bills
Cash & Short Term	0%	25%	R1 & R2 Commercial & Bank paper
Canadian Equities	30%	65%	TSX 300
Foreign Equities	0%	25%	S&P 500

INVESTMENT DEFINITIONS

1. Fixed Income – bonds, debentures, mortgage-backed securities
2. Cash & Short Term – cash on hand, demand deposits, treasury bills, commercial paper, short term notes and banker's acceptances, term deposits and guaranteed certificates of less than or equal to one year term
3. Canadian and Foreign Equities – common shares, rights, warrants and securities convertible into common shares

## INDIVIDUAL INVESTMENT LIMITS AND CONSTRAINTS

### 1. Fixed Income

Fixed income investments in the securities of one issuer will not be more than 15% of the total market value of all fixed income investments held by the fund unless the issuer is guaranteed by the Government of Canada. The purchase of fixed income instruments is restricted to those which have a minimum rating of single "A" by the Dominion Bond Rating Service or equivalent.

### 2. Cash & Short Term Income

The purchase of short term investments issued by corporations and financial institutions is restricted to those which have a minimum rating of R1 by the Dominion Bond Rating Service or equivalent.

### 3. Equity

No one stock shall comprise more than 10% of the market value of the equity portion of the portfolio.

### 4. Equity investment in specific sector e.g. financials, technologies, should not represent more than 20% of the market value of the equity portfolio.

## GUIDELINES

Investments made are to be based on the Prudent Investor Rule

## REPORTING AND REVIEW

1. A quarterly report summarizing fund assets in terms of both book and market values will be presented to the Board of Trustees.
2. The annual budgeting process will incorporate a review of the prior period investments and the economic outlook and planned strategies for the next year.

# Lambeth United Church

## Gift of Securities Transfer Authorization Form

This Letter of Direction is to be completed by the Donor and serves as authorization and instruction to transfer specified securities to Lambeth United Church Reserve Fund, Attention: Arthur Bullen, Treasurer. Complete Sections (I) & (II), Donor signs under Section (IV), then FAX to CIBC Wood Gundy: 519-663-9476, Attention: Henry Thuss.

**Broker sending securities is to initiate the transfer** to Lambeth United Church Reserve Fund (LUCRF) Account. LUCRF will confirm to Donor once the security is received in our account. Receipt value is based on the value of the shares at the time received in LUCRF account. In accordance with the church's gift acceptance policy, all shares will be sold upon receipt.

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### (I) Donor Information

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

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### (II) Donor's Broker Information

Institution Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Firm: \_\_\_\_\_

Name of Security: \_\_\_\_\_ # of Units: \_\_\_\_\_

Account No. \_\_\_\_\_

Approx. Value of Each Unit: \$ \_\_\_\_\_ Approx. Total Amount of Donation \$ \_\_\_\_\_

Date of Transfer to Lambeth United Church Reserve Fund Account: \_\_\_\_\_

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### (III) Lambeth United Church Reserve Fund Account at CIBC Wood Gundy:

Account Number:

CDS Participant Number:

Dealer No. 9280

Rep Code: ECX

Contact Name: Henry Thuss/Sharon Davies

One London Place, 255 Queens Avenue, Suite 2200

London, ON N6A 5R8

Telephone: 519-640-7716

Fax: 519-663-9476

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### (IV) Donor Authorization:

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date