

GIVING AND GIFT ACCEPTANCE POLICY

ST. MARK'S LUTHERAN CHURCH

St. Mark's Lutheran Church of Cedar Rapids, Iowa (the "Church") is a nonprofit charitable corporation organized under the laws of the State of Iowa and exempt under Section 501(c)(3) of the Internal Revenue Code. This Giving and Gift Acceptance Policy (the "Policy") exists to ensure that gifts are encouraged and accepted in a manner consistent with the Church's mission, priorities, and core values and comply with IRS regulations and State and Federal law; and to prevent acceptance of gifts that may expose the Church to liabilities, overly burdensome restrictions, or burdensome financial obligations.

BIBLICALLY BASED

Bible-based giving isn't about guilt or pressure. It's about discovering the joy of cheerful generosity in response to God's amazing grace. All we have is a gift from God, and we're created to give, not just consume. As followers of Jesus, we don't give to get noticed, or to get something back. Instead, we give freely and generously to God from what God has first given us for the mission of the church. Continually throughout the New Testament we see Christians sharing generously and being encouraged to give to the mission of the church locally and globally (Acts 2:42-47; Acts 24:17; 1 Cor. 16:1-3; 2 Cor. 8-9; Phil. 4:10-19). At St. Mark's, we take seriously the responsibility to distribute offerings faithfully, our financial books are open to church members, and we regularly audit our financial activity. We believe the staff and Church Council at St. Mark's are accountable to every donor to make sure the resources of the church are handled with the highest level of trust and integrity as possible.

STEWARDSHIP EMPHASIS

The Church will continue to conduct an on-going stewardship emphasis. The emphasis, delivered through a special program, sermon series, or other means, will help further and fulfill its mission, priorities, and core values.

CONFIDENTIALITY AND PRIVACY

All information concerning contributions made to the Church is held in the strictest confidence. Any information provided in the process of making a contribution or conducting any other financial transaction via the Church's website is maintained securely in our database system. This information will remain private and will never be sold or otherwise shared with third parties except to process your contribution, event registration, or other transaction.

CONDUCT TOWARD DONORS

The Church shall not give legal or financial advice to anyone and shall encourage donors to seek their own professional counsel. When communicating with donors, the Church may provide information regarding the benefits and limitations with respect to making a gift. The Church shall exercise caution in encouraging donors to take action and in providing donors with income projections for specific planned giving vehicles.

RESTRICTIONS ON GIFTS

- A. **Charitable Contributions.** To qualify as a charitable gift or donation to the Church, the following conditions must be met:
- The transfer of cash or other assets must be unconditional.
 - The transfer must further the Church's mission, priorities, or core values.
 - Once the Church has accepted and received a gift, it must have sole discretion related to the financial and administrative use of the funds in accordance with original Donor intent.
 - The transfer must be non-reciprocal, meaning that there must be no implicit or explicit statement of exchange, purchase of services, or provision of exclusive information to the Donor in exchange for his or her gift.
 - If a Donor receives benefits in return for his or her gift to the Church, the amount of the benefit that he or she receives is deducted from the gift in any receipting, reporting, and gift crediting in accordance with IRS regulations.
- B. **Types of Gifts.** Subject to the limitations described below under "Assets Accepted," the Church will accept the following types of gifts:
1. **General Fund Offering.** General Fund Offering is applied to areas deemed to be priorities as established by the unified budget of the Church.
 2. **Unrestricted Bequests.** The Church accepts unrestricted bequests.
 3. **Restricted Gifts.** The Church will accept a gift restricted for a specific program or purpose, provided that all of the following conditions are met:
 - a. The gift is consistent with the Church's mission, priorities, and core values.
 - b. The restricted gift will be given to current restricted accounts of the Church or are approved by the Church Council following the establishment of new restricted funds as described in part e.

- c. The gift is written in reasonably broad and flexible terms to maximize its usefulness to the Church. Gifts should not be so narrowly restricted as to pose an undue administrative or financial burden on the Church; impose limitations inconsistent with the Church's policies, priorities, or projected activities; illegally discriminate or violate jurisdictional law; or result in the administration of funds that cannot easily be used by the Church.
- d. The terms of the gift do not limit or interfere with the Church's discretion and use of the donated funds. Examples of terms that interfere with the Church's discretion and use are as follows: (a) the gift is earmarked for the benefit of any specific individual(s); (b) the Church would be required to obtain the Donor's approval regarding the specific use of funds; or (c) the gift is subject to a restriction on the Church's ability to use, sell, or otherwise deal with the property as it deems appropriate.
- e. Establishment of new restricted funds:
 - i. In the process of discussions with Donors about the creation of a new restricted fund, the Senior Pastor must be consulted prior to the creation of the fund.
 - ii. Restricted gift or pledge agreements requiring the establishment of a new restricted fund will be created in consultation with the Executive Director to ensure that the terms of the gift agreement are consistent with the Church's mission, priorities, and core values and can be effectively implemented and maintained.

TYPES OF ASSETS ACCEPTED

The Church is authorized to accept the following assets, subject to this Policy:

- A. **Cash or Cash Equivalents.** Cash gifts may take the form of currency, check, money order, or credit card contribution.
- B. **Capital Appeal Pledges/Commitments.** Promises to make outright gifts to Church within 3-5 years based on a defined payment schedule as set by the Appeal.
- C. **Real Property or Real Estate.** Real estate should be readily marketable and not expose the Church to significant liabilities. Prior to considering a gift of real estate, the Pastor, Executive Director, and Church Council may consider such factors as: (I) sale

costs and holding costs prior to sale; (2) current and expected future value; (3) encumbrances and title restrictions; and (4) liabilities, including potential environmental issues. As part of this review, the Church shall generally require, at the Donor's expense, an independent appraisal of the property's fair market value, proof of title, as well as, when needed, a Phase I environmental study to ensure that the property has no environmental damage or other environmental issues that would expose the Church to liability. This appraisal will also serve the Donor's need to provide a valuation to the IRS. The proposed gift must then be presented to the Partners for approval before the gift can be accepted as stated in the St. Mark's Constitution.

- D. Tangible Personal Property/In-Kind Gifts.** An in-kind gift is donation of Tangible Personal Property or service. The Church shall observe legal requirements concerning the "related use" or "unrelated use" of gifts of tangible personal property and service. "Related use" means that the gift will be used to further the qualified activities of the Church.

Tangible personal property is acceptable, provided that the Senior Pastor and Executive Director, determine (1) it may practically use the property or service in carrying out its mission or sell the marketable property to generate revenue; (2) if there are any restrictions on the use, display, or sale of the property; (3) the gift will not entail substantial storage or transportation costs; and (4) if there are any carrying costs or potential liabilities associated with the ownership of the property. For gifts with an estimated value of \$5,000 or more, the Donor will:

- Sign a statement of ownership and assignment.
- Disclose any liens on the property.

Gifts of this type may include art, furniture, coins, stamps, vehicles, and services.

Donors will receive a tax deduction for the fair market value of an in-kind gift, provided the gift is retained by the Church for use in its operations. As Donors expect to receive a fair market value deduction, all in-kind donations must be approved in advance by the Senior Pastor and Executive Director. If the gift is not retained and used by the Church, the Donor receives a tax deduction only for the amount of his or her basis. The Church shall observe Federal and Iowa laws in accepting or disposing of tangible personal property. When considering whether to sell gifts of personal property, the Church shall consider the following:

- The marketability of the property.
- If marketable, the market and expected timing of the sale.
- Restrictions on the use, display, or sale of the property.
- The carrying costs or expenses necessary to hold or sell the property. These may include insurance, safeguarding, transportation or similar expenses.

The Church does not provide valuation of the property, although the Donor may be required to do so if the gift is worth at least \$5,000.

The Church may provide Donors with an opinion regarding the gift's fair market value. Absent indications to the contrary, estimated fair market value claimed by the Donor will be assumed to be correct. For gifts with a value of over \$50,000 the Donor must provide to the Church an independent valuation review or appraisal as required by the Internal Revenue Service. "Independent" means the party providing the valuation review or appraisal is not related to the Donor or the Church.

The Church, as trustee, shall not accept gifts of tangible personal property to fund any life income arrangement.

- E. Publicly Traded Securities.** The Church shall promptly sell any contributed securities, unless holding the securities is deemed appropriate by the Executive Director and Senior Pastor. The Church shall determine, prior to accepting securities, whether the securities, in the hands of the Church, are in any way restricted as to sale. If there are any legal restrictions on sale, the Church may consult with legal counsel before accepting the gift. The Church, with advice of counsel, may refuse any securities as unacceptable, either because the stock is in a company whose primary work is incompatible with the beliefs and mission of the Church, or because of restrictions imposed upon the sale of the stock. The Church is reluctant to accept securities when the Donor requires that the stock be held.
- F. Intangible Assets That Are Not Publicly Traded .** The Church shall exercise a due diligence study before accepting gifts of closely held securities. These assets include stock, bonds, debentures, donorship interests, and LLC interests that are not publicly traded, as well as patents, copyrights, royalties, oil, gas or mineral rights, and other intangible assets. Gifts of intangible assets that are not publicly traded are acceptable and may be held at the discretion of the Church. These gifts can be accepted subject to the approval of the Church Council. 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 Church from ultimately converting those assets to cash;
- the security is marketable within one year of acceptance; and
- The security will not generate any undesirable tax consequences (such as unrelated business taxable income) for the Church.

G. Foreign Currency or Foreign Securities. The Church reserves the right to accept foreign currency or securities on a case-by-case basis. In cases where foreign securities are accepted, policy applicable to gifts of marketable domestic securities will apply.

H. Cryptocurrency. Cryptocurrency traded on an exchange or other publicly reported market is acceptable. The Church's policy is to sell cryptocurrency within two business days of receipt. However, given the volatility of their markets and lack of asset backing in gifts of this kind potentially resulting in substantial loss or gain between the anticipated value of the gift and the proceeds of the sale, the Church has the right to refuse such a gift.

RETIRING GIFTS

The Church shall make as conditional to the receiving of any tangible gift the understanding that all such assets have beneficial life spans and it shall be solely in the church's purview to determine when a gift has become no longer usable due to the cost of repair, obsolescence, the normal "wear and tear" of time or use, or the ability of the item to either function in the capacity for which it was given or continued need for item in the current content of the congregation's life. The Church shall have the right to dispose of said item (including the sale or gifting of said item) as it sees fit. It may consider returning the item to the donor or donor's family; and when appropriate shall publicly (or privately) in the context of worship or other proper setting, celebrate and acknowledge the gift, its service to the church, and the generosity of its benefactor.

PLANNED/DEFERRED GIFTS

The Church will accept deferred gifts of assets acceptable under, and subject to the limitations of the above and made through the following vehicles:

- A. Testamentary Bequests.** A bequest is a gift of any asset made in a Donor's will or trust. Bequests may be given as unrestricted gifts or designated to a current restricted account. If the restricted account named is inactive, the gift will be considered unrestricted. When the Church is named recipient of a Bequest, the Church will communicate with the St. Mark's Lutheran Church Foundation regarding the Bequest

and, assuming the bequest is unrestricted, the Church Council will determine whether a portion of the bequest should be forwarded to the Foundation to be maintained in perpetuity as endowment funds.

- B. Retirement Plan Beneficiary Designations.** Partners are encouraged to name the legal entity of the “Church” as primary or secondary beneficiary of their retirement plans, including 403(b), 401(k), Individual Retirement Accounts (IRAs), and qualified pension and profit-sharing plans.
- C. Remainder Interests in Real Property.** Remainder interest will be accepted only if the Donor and the Church enter into an agreement to clarify the rights and responsibilities of both parties. In particular, all taxes, debts, repairs, improvements, and insurance expenses must be paid by the life tenant.
- D. Life Insurance Policies.** Life insurance policies are acceptable, provided that: (1) the Church is the owner and the irrevocable beneficiary of the policy; and (2) if the policy is not fully paid-up, the Donor pledges in a written agreement to make annual gifts sufficient to cover additional premiums (unless the Church, at its discretion, decides to pay them), or the Church is able to sell the policy to generate revenue. For policies that have been assigned to the Church, the Church shall have the right to exercise any option, including, but not limited to, retention of the life insurance policy, continued premium payments, cash surrender, reduced paid-up insurance, extended term insurance, or convert the policy.

The Church may also be named as a beneficiary of a life insurance policy for a specified percentage of the policy, or as a contingent beneficiary of the policy.

LEGAL COUNSEL

The Church may seek legal counsel as necessary in situations where a gift may have adverse legal, belief, or policy consequences for the church or in situations where the gift involves closely held stock transfers, contracts, or other documents requiring the church to assume a legal obligation, or patents and/or intellectual property. The Church may also seek legal counsel in the event the Church is named as a trustee or where a transaction involves a potential conflict of interest.

ACCEPTANCE OF GIFTS

Gifts that comply with this policy may be accepted by the Senior Pastor and Executive Director.

CONTROL OVER GIFTS

All financial gifts and contributions made to the Church are made with the understanding that the Church has complete discretion and control over the use of donated funds. If the total contributions received for a designated project or purpose exceed the amount needed for that project or purpose, the Church reserves the right to use any such excess funds for the furtherance of other ministry activities. Although the Church may take into consideration the request of a Donor as to the use of contributed funds, the Church must retain the right to determine how the funds will be used in order for gifts to be tax deductible.

APPROVAL OF POLICY

The Giving and Gift Acceptance Policy, as approved by the Church Council, is the final authority of gift acceptance for St. Mark's Lutheran Church.