GIFT POLICY

Bethany Lutheran Church
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West Branch, IA 52358
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TAX ID#: 42-1213104

I. PURPOSE

This policy governs the acceptance of gifts by Bethany Lutheran Church and provides guidance to prospective donors and their advisors when making gifts to this church where all are invited to support our mission and ministry. The provisions of this policy apply to all gifts to Bethany over and above regular giving, offering, or pledges, or specific campaign or initiative contributions. Gifts will be accepted when they support the mission, purpose, and procedures of Bethany. Donors are encouraged to bless this church with gifts free of restrictions. All gifts will be considered based on the type of asset, gift transfer costs, donor restrictions, potential liabilities, mission, current needs, and other applicable factors. Bethany shall accept only such gifts as are legal and consistent with the Bethany Lutheran Church Gift Policy, and applicable Bylaws and Constitution. While Bethany does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service (IRS) for allowing charitable tax benefits.

II. BETHANY FINANCIAL BOARD GUIDELINES

The Bethany Financial Board is made up of Bethany's Financial Secretary, Pastor, and Council President and is charged with the responsibility of reviewing gifts offered to the church and shall make decisions and/or form recommendations regarding gift acceptance and use according to this gift policy. Gift decisions made by the Financial Board shall be reported to the Council at the next Council meeting.

A. Bethany will accept unrestricted gifts and donor restricted gifts for specified programs and purposes, provided that such gifts are consistent with the stated mission, vision, policies and priorities of this church. Bethany will not accept gifts that would result in losing its status as a US Internal Revenue Code Section 501(c)(3) nonprofit organization; are deemed by the Financial Board as too difficult or too expensive to administer; or be a liability, in relation to the gift value; would result in unacceptable consequences; or are for purposes outside the mission of this church.

B. Bethany, as a general rule, will convert all gifts to cash.

C. Records of gift acceptance or decline and of gift use shall be audited within this church's standard compliance review procedures.

D. The Financial Secretary shall complete a ***Gift Worksheet*** (see Exhibit A) to record the gift acceptance and use decisions.

E. The Financial Board shall offer appreciation for every donor's generosity, regardless of the decision to accept or decline the gift. Often that appreciation will begin with a verbal conversation with the donor or donor's estate but will be formalized through written notice sent by US Mail, or email with read receipt requested, and signed by a current Council President and/or Treasurer or their designee.

F. Recognition of the donor should not be a condition of the gift. The decision to provide acknowledgement and recognition for the gift will be the decision of the Financial Board taking into consideration the desire of the donor and keeping with the standards and culture for the practice of appropriate gratitude for this congregation.

G. If there are questions or concerns regarding any gift including the offer, acceptance, or use thereof, whether defined in this policy or not, the donor and/or the Financial Board members are always encouraged to consult with the ELCA Foundation's Regional Gift Planner and Foundation staff or other related professional.

H. Bethany's gift policy is based on the gift policy template provided by the Southeastern Iowa Synod of the ELCA (SAMPLE gift-acceptance-policy_v.202012). If there are updates to the synod policy, Bethany's policy should defer to the language in the synod policy.

III. TYPES OF GIFTS CONSIDERED

The following examples are intended to facilitate donation and acceptance of gifts offered, albeit not intended to represent an exclusive list of potential gifts nor review criteria.

A. **Potential Gifts.** A variety of gifts can be shared with this church and donors are encouraged to inform the Financial Board and/or Bethany's ELCA Foundation Regional Gift Planner of such gift plans whenever possible. Some gifts will be accepted outright, and other gifts will be reviewed on a case-by-case basis according to the Bylaws and Constitution of this church. The Financial Board may seek advice from attorneys, accountants, and other professionals in evaluating potential gifts. General categories of gifts include, but are not limited to:

   a. **Cash.** Gifts of cash will be accepted and are welcomed.
      i. A Qualified Charitable Contribution (QCD) is a giving vehicle that allows taxpayers over age 70½ to donate to charities directly from their IRA, which would allow a donor to avoid federal income tax on this distribution. Consult with a financial professional or this congregation's ELCA Foundation Regional Gift Planner for more information.
      ii. Cash Gifts and Grants from private family foundations will be encouraged on a case-by-case basis.
      iii. Gifts from Donor Advised Funds will be encouraged.

b. **Beneficiary Designations.** Gifts of assets that transfer through beneficiary designation will be accepted. Types of beneficiary designation assets include, but are not limited to:
   i. Bank and credit union accounts (commonly called a Payable on Death or POD)
   ii. Bank accounts and investments of qualified or non-qualified status, including, but not limited to, annuities, mutual funds, and securities (commonly called a Transfer on Death or TOD)
   iii. Charitable Gift Annuities
   iv. Charitable Remainder Trusts
   v. Charitable Lead Trusts
   vi. Distribution Agreements
   vii. Donor Advised Funds
   viii. Endowments
   ix. Life insurance policies
   x. Profit sharing plans

NOTE: Sample beneficiary designation language… "Bethany Lutheran Church, a nonprofit organization located at 235 S 2nd Street, West Branch, Iowa, Federal Tax ID #42-1213104, for general use and purpose."

c. **Marketable Securities.** Gifts of marketable securities will be accepted when transferred through the ELCA Foundation(primary option) or transferred electronically to a church-owned brokerage account. All marketable securities will be sold promptly upon receipt unless otherwise directed. In some cases, marketable securities may be restricted by applicable securities laws, the terms of the proposed gift, or other stipulations. Types of publicly and non-publicly traded marketable securities include, but are not limited to:
   i. Bonds
   ii. Master Limited Partnerships (MLP)
   iii. Mutual Funds
   iv. Real Estate Investment Trusts (REIT)
   v. Stocks
   vi. Unit Investment Trusts (UIT)

NOTE: Sample language when securities are transferred through the ELCA Foundation… "For Benefit Of: Bethany Lutheran Church, a nonprofit organization located at 235 S 2nd Street, West Branch, Iowa, Federal Tax ID #42-1213104."

NOTE: The ELCA Foundation can help with the sale of donated stocks through Charles Schwab. There is a minimal fee for the ELCA's services and a commission fee to Charles Schwab for selling the stock. Stephen Phelps who is our regional gift planner with the ELCA Foundation can answer any questions regarding fees/process and can help the Financial Secretary with any paperwork as needed:

Stephen Phelps
ELCA Foundation Regional Gift Planner
Office: 773-380-2442
Cell: 314-703-6949
Email: stephen.phelps@elca.org

d. **Bequests.** Gifts in the form of a bequest will be considered on a case-by-case basis. Types of bequests include, but are not limited to:
   i. Charitable Lead Trusts (CLT) or Charitable Remainder Trusts (CRT)
   ii. Irrevocable Life Insurance Trusts (ILIT)
   iii. Living or Revocable Trusts
   iv. Testamentary Trusts or 'trust under will'
   v. Wills

   NOTE: Sample bequest language… "I hereby give, devise and bequeath __ten__ percent (__10__%) of my total estate, to Bethany Luthern Church, a nonprofit organization located at 235 S 2nd Street, West Branch, Iowa, Federal Tax ID #42-1213104, for general use and purpose."

e. **Real Estate.** Gifts of real estate will be considered on a case-by-case basis. The donor shall be required to present an appraisal to Bethany no more than 60 days prior to the real estate transfer (Ref. IRS Publication 561, under "Qualified Appraisal"). Prior to acceptance of any gift of real estate, Bethany may require an initial environmental review. In the event that the environmental review warrants additional investigation, Bethany may retain a qualified firm to conduct a comprehensive environmental audit. The donor shall be responsible for the costs of the appraisal and/or any environmental studies required as a result of the environmental review and/or audit. Types of real estate include, but are not limited to:
   i. Agricultural
   ii. Commercial
   iii. Residential
   iv. Undeveloped real estate

f. **Agricultural Commodities.** Gifts of commodities from cash basis farmers (excluding crop share landlords), including gifts of grain (e.g. soybeans, corn, wheat, et al.), will be considered on a case-by-case basis and shall be subject to the real estate provisions in this *Gift Policy Section III.e.*, provided the gift is from unsold crop inventory with no sale commitment made prior to the gift. The donor must give up "dominion and control" of the commodity and cannot sell the grain and order the proceeds to be sent to Bethany. Bethany assumes risk after the transfer to include storage, transportation, and marketing costs as well as price risk. The transaction must be well documented to show Bethany as the owner (i.e., commodity is delivered and a warehouse receipt is executed to the church, or a notarized letter of transfer for crops stored on the farm).

g. **Tangible Personal Property.** Gifts of tangible personal property will be considered on a case-by-case basis. The Committee may refer to IRS Publication 561 for guidelines in the valuation of different kinds of personal property. IRS.gov/pub/irs-prior/p561--2020.pdf

h. **In-Kind Donations.** Gifts of in-kind goods or services given by a business or business owner, or a donor willing to pay for such goods or services on behalf of Bethany, will be considered on a case-by-case basis. In-Kind donations will be acknowledged in writing by Bethany, but as per Internal Revenue Service (IRS) Guidelines, will not be valued by, nor provided a receipt for charitable contribution by this church. It is the donor's responsibility to complete and file IRS Form 8283 for any and each noncash contribution more than $500. (Ref. IRS Publication 561 "*Determining the Value of Donated Property)*)

B. <u>Gift Review Criteria</u>

- Does the gift further the mission or help fulfill the purpose of Bethany?
- Is the gift easy to convert to cash, readily marketable, or are there restrictions on the use, display, or sale of the gift?
- Are there covenants, conditions, restrictions, reservations, easements, encumbrance, or other limitations associated with the gift?
- Are there any carrying costs (e.g. insurance, property or other taxes, mortgages, or notes), or maintenance expenses that outweigh the benefit of the gift?
- Does the environmental review or audit reflect that the property warrants additional investigation or otherwise requires remediation?
- Does the property have liabilities or other considerations that make receipt of the gift inappropriate?
- Any other criteria determined to be applicable by the church Financial Board.

IV. GIFT VALUATION

Gift Valuation. For gifts of real estate and personal property valued at more than $5,000, acquiring an independent assessment or appraisal shall be the responsibility of the donor or donor's estate. Appraisal of all non-cash gifts must take place within 60 days (Ref. IRS Publication 561 *"Determining the Value of Donated Property"* under "Qualified Appraisal"). NOTE: The ELCA Foundation can be a resource to help determine the necessary appraisal information.

V. USE OF UNRESTRICTED GIFTS

An unrestricted gift is given without any stipulation for its use and is accepted to support the mission and ministry of Bethany. This *Gift Policy* defines two categories of unrestricted gifts and offers related protocols for each in an effort to honor the time and expertise held by the Financial Board:

a. Unrestricted gifts with a value less than fifty-thousand dollars ($50,000) or 25% of Bethany's operating budget may have the acceptance and use decisions managed by the Financial Board in accordance with this policy.

b. Unrestricted gifts with value equal to or greater than fifty-thousand dollars ($50,000) or 25% of Bethany's operating budget may have the acceptance and use decisions recommended by Financial Board and approved by the Council in accordance with this policy.

Step 1: Bethany may offer an outside gift of ten percent (10%) of the total gift, often referred to as a tithe.

- The tithe will be shared with the Southeastern Iowa Synod of the ELCA.
- No more than half of the tithe may be shared in any one (1) of the following:
    - An ELCA Churchwide organization or program, examples:
        - ELCA Domestic Mission; Global Mission; Youth Mission
        - ELCA Fund for Leaders
        - ELCA Lutheran Disaster Response
        - ELCA World Hunger
    - An ELCA-related organization or program, examples:
        - EWALU Camp and Retreat Center
        - Lutheran Campus Ministry
    - A local charitable organization, examples:
        - West Branch Area Religious Coucil (WBARC)
        - West Branch Food Pantry

Step 2: Bethany may offer a contribution of the total gift to the Reserve fund (Mission Investment Fund).

Step 3: Bethany may offer a contribution of the total gift to the following designated spending categories, with a maximum contribution of ten percent (10%) in any one category:

1. Ministry needs within the general fund of our congregation (i.e buildings and maintenance, children/youth programs, Christian education, office equipment/technology, worship and music programs, etc.)
2. Outreach beyond our congregation:
    a. ELCA Synodical programs
    b. ELCA Churchwide programs
    c. ELCA related organizations (outdoor ministry, campus ministry, social ministry, etc.)
    d. Other non-ELCA related charities.

VI. USE OF RESTRICTED GIFTS AND GUIDELINES

A restricted gift is given with specific stipulations for its use and is accepted to support the mission and ministry of this congregation through the donors defined restrictions. Gifts with specific donor defined restrictions will be considered on a case-by-case basis with the understanding that the funds are to be used as requested by the donor.

NOTE: Once a gift is accepted, donors may not direct the way a gift is invested or utilized beyond the stipulated restriction(s). In accordance with the Internal Revenue Service, donors cannot claim tax favor or retain control over gifts to charity.

A. Donors should be aware that programs offered by this congregation may be discontinued, renamed, modified, or incorporated into other programs, therefore a donor who makes a restricted gift, whether in the form of a current gift or through an estate plan, is strongly encouraged to complete the ***Restriction and Release Form*** (see Exhibit B). The Financial Secretary shall make the *Restriction and Release Form* readily available in the church office and through the website of this congregation.

B. Restricted gifts established prior to the approval of this policy or received without the accompaniment of a *Restriction and Release Form* shall be reviewed by the Financial Board, the Council, and potentially this congregation to determine if the gift shall be accepted. This congregation may also consult legal counsel and this state's Attorney General to determine the requirements to lift a donor restriction if necessary.

These steps apply to all restricted gifts.

Step 1: The church shall apply the full proceeds of the gift to the restriction defined by the donor.

Step 2: In the rare event the gift is unable to be used as intended by the donor due to a lack of funding, need, or program; and after a review period of at least twelve (12) months; and in alignment with the restriction release requirements of this congregation and this state, the gift may become unrestricted and the balance of the gift (including any accumulated interest) may be utilized as an unrestricted gift as described in the *Gift Policy Section V*.

VII. MEMORIAL AND HONORARY GIFTS

Memorial and honorary gifts include gifts given in memory or honor of loved ones, friends, or others and may be unrestricted or restricted.
Memorial and honorary gifts given to Bethany shall follow the current Memorial and Honoray Gifts policy to determine the use of the gift and shall be deposited in the Temporary Memorial Fund of Bethany Lutheran Church.

Memorial and honorary gifts are subject to the same guidelines for gift acceptance, appreciation, valuation, and use as defined in the *Gift Policy Sections III, IV, V and VI*.

VIII. GIFT POLICY REVIEW

This policy shall be reviewed at least every three (3) years by the Financial Secretary and/or the Council President at the church council meeting. The initial review will commence in the year 2026.

IX. RESOURCES

The **ELCA Foundation**, through Regional Gift Planners and support staff, offer gift planning services at no charge to Bethany and their donors. Visit **www.elcafoundation.org** or call **800-638-3522** to connect with the ELCA Foundation Regional Gift Planner, Stephen Phelps, that supports this church.

Donors are also encouraged to consult with their personal tax advisor, estate attorney and/or financial advisor for specific tax, legal, and investment information. Bethany Lutheran Church does not provide any tax, legal, or investment advice.

Date Approved:		Approved by:	Council President	
Date Reviewed:		Reviewed by:	Financial Secretary	

*Approved by Bethany Lutheran Church Council August 10, 2026.