

# St. Mark's Lutheran Church

## Financial Policy and Procedures

### Giving Policy

#### Introduction

St. Mark's Lutheran Church is a qualified charitable organization exempt from federal income taxes under IRS Sec 501(c)(3). All tithes, offerings, or donations of any kind are deductible under IRC section 170(c)(2). Unless otherwise noted and in accordance with IRS regulations, the donor agrees to relinquish control of the donated funds to the discretion of this church.

#### Types of Contributions

Generally speaking, a contribution to the church is either 1) undesignated, supporting the yearly budget of the church through our General Fund, or 2) designated supporting other approved funds or projects of the church (which may or may not be part of the yearly budget.) The purpose of this policy is to set fourth how both kinds of gifts will be treated in order to be considered a tax-deductible contribution. This policy does not deal with love offerings or gifts to employees. For purposes of this policy, the following terms are used:

- Tax Deductible Contribution – A gift of cash or property given to a qualified organization by a donor who receives no tangible benefits from the gift and gives up full control of the gift for the organization to use for its purpose and mission. If a donor restricts his/her unsolicited donation(s) to a specific use or person (who does not relinquish control of the donated funds), the donation is considered a restricted donation and as such, is not a tax-deductible contribution.
- Undesignated Gift – A gift that is given without designation. The yearly budget is funded primarily through undesignated gifts, and as such, donors are encouraged to give without designation.
- Designated Gift – A gift that is designated for a specific fund (other than the General Fund) or ministry project. Designated giving will be accepted only for funds or special projects that have been approved by the Finance Committee or Church Council. Designated gifts for budgeted line item expenses will be accepted in accordance with #2 below. A designated donation to a specific solicitation by the church (eg. Parking lot) is tax deductible because the church is controlling the donation.
- If a project that is funded by designated gifts is completed with excess funds, the Finance Committee will review and make recommendations to the Church Council for the re-designation of funds. The Church Council retains the right to remove any designations or restrictions on funds.

#### Funds and Descriptions

- General Fund – The General Fund includes all undesignated gifts from our weekly tithes and offerings and is used to support the ministry and operations of the church. Each year the Finance Committee prepares a yearly budget to present to the Church Council for review and presented at the Annual Meeting for approval by the congregation of the church. At the end of the fiscal year, accounts within the general fund will close into a church equity account (i.e. Owner's Equity).
- Temporarily Restricted Fund – The Temporarily Restricted Fund includes designated gifts and “holding” accounts for funds that are to be used for designated purposes. Accounts with a restricted classification do not close at the end of the fiscal year. The balance in each account is carried over as the beginning balance in the next fiscal year. The funds are divided into four fund groups:
  - **Drama Fund** – Donations and fundraising from drama performances at St. Mark's.
  - **General Fund** – These include the Reserve Fund, clergy pre-tax withholdings, and in/out or “pass thru” accounts such as Funeral/Wedding Fee Costs, Wednesday Family Meals and North St. Paul Foodshelf.

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- **Gifts and Memorials Fund (G&M)**– The G&M accounts are broken down into eight different areas: Technology, Property, Other Programs, Social Ministry, Missions, Worship & Music, Christian Education and Drama. These accounts are primarily funded through designated gifts from donors.
- **Youth Fund** – Includes accounts for the Summer Trip registration fees and fundraisers as well as Confirmation Registration Fees.

### Giving Policies

1. The General Fund makes up the yearly operating budget of the church and is supported by undesignated giving. A designated gift for a specific account within the General Fund will not increase the yearly budget (e.g.: A gift of \$100 for Office Supplies will not change the Office Supplies budget).
2. Any gift designated for a budget line item expense will be posted to that line item and will not increase the annual budget. (NOTE: These gifts do not show up on reports as part of the regular tithes/offerings of that month).
3. The church will not accept gifts for ministries outside of the church asking to forward the donation to that ministry UNLESS the church has taken up an offering for a specific purpose for a specific time frame. The exception is the North St. Paul Foodshelf and ELCA World Hunger. The church encourages people to give directly to outside ministries that they would like to support.
4. The church is able to accept gifts by cash, check, credit card (VANCO online via the website or KIOSK) and stock transfers. For stock gifts, the value reflected on your contribution statement will be equal to the value of the stock when we receive it. However, the deductible amount allowed by the IRS depends on information that you should obtain from your broker.
5. The value of personal services donated is not deductible as a charitable contribution. The church relies heavily on volunteers to fulfill its ministry. However, donations of this type cannot be reflected on the individual's record of giving.
6. We are often asked if one can just receive contribution credit for items bought for the church's ministries instead of being reimbursed. We are always grateful for the generous spirit of our people and we want to do what we can to accommodate this request. We do have to establish an adequate trail to substantiate the gift, however. The preferred process is for the donor to submit a request for reimbursement – approved by the appropriate ministry leader. The donor can then return the money as a contribution and designate it the ministry that incurred the expense.

### Gifts to Individuals

Gifts designated to a specific individual do not qualify as charitable contributions under IRS regulations and will not be reflected on the donor's record of giving.

### Refunding a Charitable Contribution

Designated gifts for a fund or special project that does not happen – If the fund or special project no longer exists, the church will make every reasonable effort to contact the donor(s) of such gifts. The purpose of this is to give the donor the option of re-designating the gift to a different fund (or to the general fund) or refunding it to the donor. This procedure is only appropriate for those donors who can be identified. If donations cannot be identified, the Finance Committee will make recommendations and the Church Council will decide use of the funds. (Note: This does not apply to funds remaining from an appeal. This applies where the church appealed for funds for a specific project and the project was dropped.)

### Contribution Statements

Quarterly the church will provide a record of contributions received in accordance with rules and regulations required by the IRS. Non-cash gifts will be acknowledged by letter in compliance with IRS rules and regulations.

### Year of Contribution

The IRS provides clear guidelines with regard to the date of posting contributions, which we follow carefully. All contributions received or postmarked by December 31 will be included in that year's contribution statement. If the

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contribution is received or postmarked after December 31, it will be included in the contribution statement of the year in which it is received/postmarked – regardless of the date of the check.

Conclusion

The church respects the donor’s decision to give as led by the Lord. The above policies are meant to provide guidance to the donor and the church body as well as comply with the applicable tax laws. The church reserves the right to refuse contributions that are not related to the primary purpose of the church, not in the best interest of the church, or those not qualified for tax purposes. The church also reserves the right to amend these policies at any time.

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