

Mount Olive Evangelical Lutheran Church Gift Administration Policy

Approved by Executive Committee on December 13, 2022

Mount Olive Evangelical Lutheran Church (hereafter designated as Mount Olive) encourages the invitation and acceptance of gifts to Mount Olive for purposes that will help it further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to Mount Olive for the benefit of any of its current or future priorities, programs, or perpetual funds. They also govern the investment of these gifts when they are directed to an institutional fund. They also govern distributions made from these funds for the benefit of Mount Olive, its ministry priorities or mission partners.

1. Gift Acceptance

Types of Gifts Accepted. The types of gifts to Mount Olive deemed acceptable and appropriate include, but are not limited to:

- outright contributions of cash
- marketable securities
- life insurance policies and proceeds
- bequests and beneficiary designations

Gifts Accepted by a Third Party. Some types of gifts for the benefit of Mount Olive require the engagement of a third-party administrative partner. These gifts include:

- charitable gift annuities
- charitable trusts, both remainder and lead
- donor advised funds
- cryptocurrency

Gifts Requiring Review. The following gifts that carry their own challenges or require particular review for marketability are subject to due diligence by the Executive Committee prior to acceptance. Some of these gifts may require a congregational vote prior to acceptance, per Mount Olive's constitution and bylaws. Donors who wish to give these types of assets are encouraged to use a third-party administrative partner, such as a donor advised fund.

- real estate and personal property
- retained life estates or bargain sales
- closely held stock, stock options, and pre-IPO stock
- intellectual property or mineral reserves

Named Funds. Donors may establish a separately named fund for a minimum gift of \$25,000. In the case of every named fund, the donor and Mount Olive shall establish a signed gift agreement that includes a clear description of the donor's intent, the organization's investment and distribution commitment, and an understanding regarding any unforeseen need to redirect distributions or dissolve the fund.

Disclosure. Mount Olive will disclose to a prospective donor information known to the organization that could reasonably be expected to influence the donor's decision to make a gift. The donor should be

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advised of a gift's revocability or irrevocability. Items subject to variability (e.g. market value, investment return, income payments) should be discussed fully.

Restrictions. Mount Olive encourages unrestricted gifts, providing the greatest flexibility to meet its unknown future needs. Gifts for specific programs and purposes may be accepted, provided they are consistent with Mount Olive's mission, purposes, and priorities. Mount Olive will not accept a gift unless it believes it can administer the terms of the gift in accordance with the donor's documented wishes and restrictions.

Counsel. Mount Olive does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors are encouraged prior to completion of a gift to seek the independent counsel of their professional advisors, including attorney, accountant or other expert to insure that the donor receives a complete and accurate explanation of all aspects of the charitable gift as it relates to the donor's goals and personal circumstances.

Mount Olive will seek its own legal counsel in matters relating to gift acceptance when appropriate.

Appraisals and Legal Fees. It will be the responsibility of the donor to secure and pay for the costs of any appraisals (where need) or the advice and service of their independent counsel.

Refusal. Mount Olive reserves the right to refuse any gift if:

- 1) it believes it is not in the best interest of the donor. It will not knowingly accept a charitable gift from a donor if, based on information provided, Mount Olive reasonably believes that the donor has insufficient income and assets remaining after making a gift to provide for the donor's needs such as personal support and healthcare; appears to lack mental capacity to make a legally binding decision; or has insufficient input from competent financial, legal, and/or personal counsel.
- 2) it is probable that it will place other assets of the organization at risk, cause undue burden on the organization, or if the gift cannot be readily converted into assets that fall within the organization's investment guidelines.
- 3) it is aware that the donor, a member of the donor's family or any donor advisor will receive any material benefit, directly or indirectly from the gift, or if accepting such a gift would constitute a conflict of interest for Mount Olive.
- 4) the donor's specified intent is illegal, immoral, impractical or impossible to meet, or which is contrary to the purposes of the organization.

Confidentiality. All agreements and information concerning gifts shall be held in strict confidence by Mount Olive, subject to legally authorized and enforceable requests.

Acknowledgements. Mount Olive will send acknowledgements for gifts, in compliance with current IRA requirements, to all donors or their personal representatives.

2. Unrestricted Bequests

According to state and federal laws governing charitable giving and non-profit organizations, Mount Olive has the authority to use unrestricted bequests in any way it deems fitting within the scope of its mission and

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ministry purposes.

Whereas the Congregational Council of Mount Olive (hereafter designated as the Council) seeks to:

- inform, guide and encourage donor stewardship and discipleship, including those who would consider a gift to this ministry at the time of their death,
- guide ministry leaders in timely and prudent decision making and avoid lengthy or divisive conflicts around large gifts by defining the appropriate distribution process for large unrestricted testamentary gifts,
- advance the appropriate growth of the Mount Olive endowment fund as an avenue of permanent support for the mission and ministry of Mount Olive, and
- advance the appropriate growth of year-round charitable gift income, avoiding inappropriate dependence of the general operating budget on large unrepeatable gifts,

it shall be the policy of the Council to direct all unrestricted bequests valued at 10% of the general operating budget or more as follows:

- 10% of the gift to Mount Olive ministry partners
- a minimum 50% of the gift to the Mount Olive endowment fund, to be distributed according to the policies governing the fund
- up to 40% of the gift to current organizational priorities (e.g. property improvements, special projects or programs, debt reduction, etc)

3. Fund Investment

Mount Olive's investments are governed by all applicable and prevailing state and federal regulations on the management of institutional funds (e.g. UPMIFA)

Appropriate accounts, funds, and sub-funds shall be established to receive, invest, and steward all types of charitable gifts to Mount Olive's endowments or other institutional funds.

Unless otherwise stipulated by a donor, endowments and other investment funds shall be invested with a long-term growth objective in keeping with current best practices for endowment and institutional funds. To the extent possible, these funds should realize growth that allows both the distributions from the funds and the original gifts to the funds to keep pace with the rate of inflation and preserve future purchasing power.

The Council has the ultimate authority for the responsible investment of the organization's institutional funds, and ensures that these funds are audited annually along with all other funds.

The Council charges the Endowment Fund team to review investment performance of endowment funds, and the Executive Committee to review the performance of other institutional funds, on at least a quarterly basis. These groups shall also evaluate and recommend any revisions to specific investment objectives or portfolios on at least an annual basis.

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4. Fund Distribution

Mount Olive's endowments and other institutional fund distributions are governed by all applicable and prevailing state and federal regulations on the management of institutional funds (e.g. UPMIFA).

Distributions from endowment funds or sub-funds shall occur on an annual basis. Distributions from newly established funds shall begin following one full year's initial investment period.

Distributions from endowment funds will be calculated at 4.25% of the fund's 5-year rolling average. The distribution rate shall be reviewed and revised from time to time, based on current best practices for endowment management.

The Endowment Fund team, in collaboration with Mount Olive's strategic planning and budgeting procedures, shall develop a distribution plan and recommendation for the Council that is aligned with the purposes of the fund. The Council shall review the recommendations and give final approval before distributions occur.

Sub-funds permanently restricted by the donor shall be distributed according to the signed gift agreement established by the donor and Mount Olive.

Alternate Uses

When, in the opinion of the Council, circumstances are so dire and of such emergency nature that the future of Mount Olive is at stake, and that the only recourse seems to be the use of endowment or other institutional funds, the Council may, upon majority vote, utilize such portions of temporarily restricted funds as necessary to address the emergency situation.

Mount Olive intends that all donor-directed, permanently restricted endowments shall be perpetual. However, the passage of time and changing circumstances may not make it possible to use certain funds for their intended purpose. Should that situation develop, the Council may authorize other uses of the fund consistent with the charitable purposes of Mount Olive and consistent with federal and state law while at the same time taking all reasonable steps to act according to the original intentions of the donors.