



## STOCK & SECURITIES DONATIONS PROCEDURE

Lutheran Church of the Holy Spirit, Centennial, Colorado (“LCHS”) shall maintain a brokerage account (the “Brokerage Account”) to facilitate the gift of securities or stocks to support general fund offerings, capital campaign pledges or other types of financial contributions. This is a beneficial way for members to give to LCHS, as it can be very favorable from a tax perspective. (NOTE: Members are encouraged to contact their personal tax adviser to determine the tax advantages, as this will vary from person to person.) LCHS currently maintains a Brokerage Account at TD Ameritrade.

This procedure statement outlines the income, expenses and management responsibilities for the Brokerage Account. Any concerns or questions shall be directed to the current Treasurer or Parish Administrator.

It is the procedure of LCHS to liquidate gifts of stock and securities upon receipt of the donation into the Brokerage Account rather than assume market risk for changes in value. As described below, upon notification that securities have been transferred into the Brokerage Account, the Treasurer shall place a market order to sell such securities and notify the Parish Administrator the amount of net proceeds. Once the sale settles, which takes three business days, the Parish Administrator shall initiate an ACH transfer from the Brokerage Account to LCHS’ operating account.

Outlined below are the steps to facilitate a gift of securities or stock:

Step 1: The member contacts the Parish Administrator, expressing an interest in donating stock or securities to LCHS. (NOTE: The member should not sell the stock first, as this triggers a tax event. The tax advantage comes when the donor gives the shares to the church. The donor can take a deduction based on the value on the date of the donation. LCHS receives a gift of the security or stock and, when LCHS sells the security or stock, it does not pay tax as LCHS is a non-profit organization. As a result, the member deducts the full value of the shares as a donation, and LCHS receives the full value of the shares in the form of cash proceeds. This can be a VERY EFFICIENT way for members to donate to LCHS if they own securities with long term capital gains.)

Step 2: The Parish Administrator shall provide the member with the Brokerage Account information so that the member can initiate a transfer of the stock from their investment account to the Brokerage Account. (PLEASE NOTE: Each broker has their own required form to use when donating securities as a charitable gift. If the securities to be donated are held in a TD Ameritrade brokerage account owned by the donor, the Parish Administrator can provide the member with the Partial Out Transfer Form required by TD Ameritrade.)

Step 3: The member shall inform the Parish Administrator and Treasurer in writing (email is acceptable) when they initiated the transaction and how the donation should be applied (General Fund, Building Fund, etc.).

Step 4: Once the shares are transferred into the Brokerage Account, the Financial Secretary shall send a letter to the donor verifying the number of shares received and the "gift date." The gift date is the date the stock actually transferred into the Brokerage Account. In accordance with IRS requirements, this donation letter does not state the transfer price; it ONLY documents the kind of stock, number of shares, and the gift date.

Step 5: As soon as possible, but no later than 5 days after receiving the stock in the Brokerage Account, the Treasurer shall initiate a market order to sell the shares. Once the order is processed by the broker, the Treasurer shall notify the Parish Administrator of the dollar amount of the net proceeds. Securities transactions take three business days to settle, meaning the funds are not available until three business days after the sale has occurred. Once the funds settle, the Parish Administrator shall initiate an ACH transfer into LCHS' US Bank operating account. The Parish Administrator and Treasurer shall immediately credit the appropriate income categories with the proceeds of the donation into LCHS' accounting records using QuickBooks.

Step 6: The Financial Secretary shall record the stock donation on the donor's contribution statement but shall not record the dollar value of the gift. The data shall include the number of shares, the kind of stock, the gift date, and any designations directed by the donor.

Questions can be directed to Karen Braband, Parish Administrator at 303-794-3451.