

GIFT POLICY
Tree of Life Lutheran Church
3201 North Loop 336 West
Conroe, TX 77304
(936) 539-9530

TAX ID#: 76-0470920

I. PURPOSE

This policy governs the acceptance of gifts by Tree of Life Lutheran Church and provides guidance to prospective donors and their advisors when making gifts to the congregation, but specifically directed to the Tree of Life Lutheran Church Endowment where all are invited to support our mission and ministry. The provisions of this policy apply to all gifts to Tree of Life Lutheran Church over and above regular giving, offering, or pledges. Gifts will be accepted when they support the mission, purpose, and procedures of Tree of Life Lutheran Church. Donors are encouraged to bless this congregation with gifts free of restrictions. All gifts will be considered on a case-by-case basis, taking into consideration the type of asset, gift transfer costs, donor restrictions, potential liabilities, mission, current needs, and other applicable factors. Tree of Life shall accept only such gifts as are legal and consistent with organizational policy. While Tree of Life Lutheran Church 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 for allowing charitable tax benefits.

II. COMMITTEE GUIDELINES

- A. The Legacy Gift Team shall be appointed by the Tree of Life Congregational Council in accordance with the by-laws of this policy. The Legacy Gift Team is charged with the responsibility of reviewing all gifts offered to the congregation and shall form recommendations regarding gift acceptance decisions and gift use. Recommendations will be forwarded to the congregation council for communication and approval. Gift decisions made by the Legacy Gift Team and approved by the council shall be reported to the congregation at the annual meeting in writing unless the donor specifies otherwise.

- B. Tree of Life Lutheran Church encourages unrestricted gifts and will accept restricted gifts in keeping with the goals and values of the congregation. Restricted gifts for specified programs and purposes will be evaluated and

approved by the Legacy Gift Ministry Team before approval by the congregational council. Such gifts must be consistent with the stated mission, vision, and priorities of this congregation.

- C. Tree of Life Lutheran Church will not accept gifts that would result in losing its status as an IRC 501(c)(3) not-for-profit organization; are deemed by the Legacy Gift Ministry Team 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 the congregation.
- D. Tree of Life Lutheran Church, as a general rule, will convert all gifts to cash.
- E. The Legacy Gift Team shall complete a ***Gift Worksheet*** (see Exhibit A) to record the gift acceptance and use decisions.
- F. The Legacy Gift Ministry Team 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 the chair of the committee or their designee.
- G. Recognition should not be a condition of the gift. The decision to provide acknowledgement and recognition for the gift will be the decision of the Legacy Gift Ministry Team in keeping with the standards and culture for the practice of appropriate gratitude. Acknowledgement that inspires and invites the participation of others in generosity is the focus of any recognition activities.
- H. 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 Legacy Gift Ministry Team are encouraged to consult with the ELCA Foundation/Lutheran Foundation of the Southwest Gift Planner, the Synod Bishop and advisory staff or other related professional. *The Gift Planner is considered "associated staff" of the synod with no cost to the donor or the congregation receiving the services.*

III. TYPES OF GIFTS CONSIDERED

The following examples are intended to facilitate acceptance of gifts offered, but they are not intended to represent an exclusive list of potential gifts or review criteria.

A. Potential Gifts:

- a. **Cash** – Gifts of cash will be accepted and are welcomed.
- b. **Beneficiary Designations** – Gifts of assets that allow for a beneficiary designation will be accepted. Donors are encouraged to name Tree of Life Lutheran as the beneficiary of those assets or use a ministry distribution specializing in this service such as Lutheran Foundation of the Southwest. Consulting a tax advisor or tax specialist for the most tax efficient way to provide a gift for ministry is always recommended.

Types of beneficiary designation assets include, but are not limited to:

- i. Bank and credit union accounts
 - ii. Bank accounts and investments of qualified or non-qualified status, including, but not limited to, annuities, mutual funds, and securities
 - iii. Charitable Gift Annuities
 - iv. Charitable Remainder Trusts
 - v. Charitable Lead Trusts
 - vi. Distribution Agreements
 - vii. Donor Advised Funds
 - viii. Life insurance policies
 - ix. Endowments
- c. **Marketable Securities** – Gifts of marketable securities will be accepted when transferred electronically to a congregation-owned brokerage account; delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached; or transferred to the ELCA Foundation/Lutheran Foundation of the Southwest designated for Tree of Life Lutheran Church. 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 traded and non-publicly traded marketable securities include, but are not limited to:
 - i. Stocks
 - ii. Bonds
 - iii. Mutual Funds
 - iv. Real Estate Investment Trusts (REIT)
 - v. Master Limited Partnerships (MLP)

NOTE: Donors are urged to consult a professional tax adviser (See *Section IX. Resources*)

- d. **Life Insurance** – Gifts of life insurance will be accepted where Tree of Life Lutheran Church is named as the owner of the insurance policy and an agreement is reached regarding the responsibility for payment of all future premiums. If for some reason premium payments are in arrears by the donor, Tree of Life Lutheran Church, as the new owner, reserves the sole right to surrender the policy in exchange for the cash value before a loan balance accrues.
- e. **Bequests** – Gifts in the form of a bequest will be considered. Donors are encouraged to make bequests to Tree of Life Lutheran Church through their wills or an irrevocable or revocable trust, as well as inform the Legacy Gift Team and the Regional Gift Planner of such bequest whenever possible.

NOTE: Sample bequest language... *“I hereby give, devise and bequeath ten percent (10 %) of my total estate, to Tree of Life Lutheran Church, a nonprofit organization located at 3201 South Loop 336 West, Conroe, TX 77304, Federal Tax ID # (tax ID), for general use and purpose.”*

- f. **Real Estate** – Gifts of real estate will be considered if reviewed and approved according to the guidelines of this policy for Legacy Gift Team recommendations. The donor shall be required to present an appraisal to Tree of Life Lutheran Church no more than 60 days prior to the real estate transfer. Prior to acceptance of any gift of real estate, this team may require an initial environmental review. In the event that the environmental review reveals a potential problem, the Legacy Gift Team may retain a qualified firm to conduct an 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
- g. **Remainder Interests in Property** – Gifts of a remainder interest in a personal residence, farm/ranch, or vacation property (excluding time share interests) will be considered and will also be subject to the real estate

provisions in *Section III.A.f.* above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, Tree of Life Lutheran Church may use the property or reduce it to cash. Where this congregation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life tenant(s). Types of remainder interests include, but are not limited to:

- i. Life Estate Deeds
- ii. Enhanced Life Estate Deeds (aka Lady Bird deeds)
- iii. Transfer on Death Deeds

NOTE: Availability and types of remainder interests are defined by current state law.

- h. **Closely held business interests** – Gifts of closely held business interests, including but not limited to partnerships, limited liability organizations (LLC, LLP, etc.), S-Corporations shares, C-Corporation shares, and business options/warrants, will be considered on a case-by-case basis and shall also be subject to the Real Estate provisions in *Section III.A.f.* above.
- i. **Oil, Gas, and Mineral Interests and Royalties** – Gifts of oil, gas, or mineral interests and/or royalties will be considered and shall also be subject to the Real Estate provisions in *Section III.A.f.* above.
NOTE: A working interest shall not be accepted.
- j. **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, 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 Tree of Life Lutheran Church. The Legacy Gift Team 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 Tree of Life Lutheran Church as the owner (i.e., commodity is delivered and a warehouse receipt is executed to the Tree of Life Lutheran Church, or a notarized letter of transfer for crops stored on the farm).
- k. **Intellectual Property** – Gifts of intellectual property will be considered. The donor and this congregation are encouraged to consult with an estate

attorney/legal counsel before offering and/or accepting this gift. Types of intellectual property include, but are not limited to:

- i. Copyrights
- ii. Patents
- iii. Trademarks

1. **Tangible Personal Property** – Gifts of tangible personal property will be considered and are subject to *Section IV*, below.

B. Review Criteria:

- a. Does the gift further the mission or help fulfill the purpose of this congregation?
- b. Is the gift readily marketable, or are there restrictions on the use, display, or sale of the gift?
- c. Are there covenants, conditions, restrictions, reservations, easements, encumbrance, or other limitations associated with the gift?
- d. 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?
- e. Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?
- f. Does the property have liabilities or other considerations that make receipt of the gift inappropriate?
- g. Any other criteria determined to be applicable by the Legacy Gift Team.

IV. GIFT VALUATION

For gifts of real estate and personal property, acquiring an independent assessment or appraisal shall be the responsibility of the donor or donor's estate. This may be facilitated by the Legacy Gift Team to determine the comprehensive evaluation and impact of the gift. Appraisal of all non-cash gifts must take place within 60 days.

NOTE: The ELCA Foundation/Lutheran Foundation of the Southwest can be a resource to help determine the necessary appraisal information.

V. USE OF UNRESTRICTED GIFTS

An unrestricted gift is encouraged and by definition given without any stipulation for its use and will be accepted to support the mission and ministry of Tree of Life Lutheran Church.

Unrestricted gifts with a value less than \$10,000 shall support the annual operating budget of this congregation. The following guidelines apply to all unrestricted gifts with a value of \$10,000 or greater.

- Step 1:** This congregation shall contribute an outside gift/tithe of 10% of the gift, often referred to as a tithe, to a ministry or organization such as, but not limited to: our ELCA Synod, the ELCA Churchwide Organization or program, an ELCA-related organization, or a local charitable organization which may include our Texas-Louisiana Gulf Coast Synod and King's Embrace Ministries.

- Step 2:** This congregation shall contribute at least a majority (50% or more) of the total gift to the Endowment fund.

- Step 3:** This congregation shall contribute up to 10% of the total gift to the reserve or "Seeds" capital improvement fund for other investment purposes.

- Step 4:** The Legacy Gift Team acting in concert with the congregational council may recommend the use of the remaining funds based on the current needs, wants, and goals of Tree of Life Lutheran Church which may include, but are not limited to:
 - 1. Within our ministry
 - a. Children/youth programs
 - b. Worship and music programs
 - c. Christian education
 - d. Any programs of the church now and in the future
 - e. Buildings/maintenance/capital projects
 - f. Office equipment/furniture/technology
 - g. Congregation Council/Pastoral Discretionary Fund
 - h. Debt reduction
 - i. Cemetery/Columbarium expenses

j. Other(s)

2. Outreach of our congregation:

- a. ELCA Churchwide or Synodical ministries
- b. ELCA related organizations (outdoor ministry, campus ministry, social ministry, etc.)
- c. Other non-ELCA related charities

VI. USE OF RESTRICTED GIFTS

Gifts with specific restrictions accepted by the Legacy Gift Ministry Team and approved by the council are received with the understanding that the funds are to be used as requested by the donor. Donors should be aware that programs offered by the church 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 Release Form** (see Exhibit B). They are encouraged to consider the cost of maintaining any gift and include a plan for that provision if the gift involves maintenance and upkeep. The Legacy Gift Ministry Team shall make the **Restriction Release Form** readily available through the website of this congregation.

Restricted gifts established prior to the approval of this policy or received without the accompaniment of a **Restriction Release Form** shall be reviewed by the Legacy Gift Ministry Team and/or the council to determine if the gift shall be accepted. The Legacy Gift Ministry Team and/or the council may also consult legal counsel and this state's Attorney General to determine the requirements to lift a donor restriction if necessary.

NOTE: Donors may not direct the way a gift is invested or utilized by the congregational council. In accordance with the Internal Revenue Service, donors cannot claim tax favor and retain control over gifts to charity.

Step 1: The Legacy Gift Ministry Team 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 12 months; and in alignment with the Restriction Release requirements of the Legacy Gift Ministry Team 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 *Section V*, above.

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 the congregation are subject to the guidelines for gift acceptance, appreciation, and valuation as defined in *Sections III, IV* and *V* of this policy.

Unrestricted memorial and honorary gifts with a value less than \$10,000 shall support the annual operating budget of the church. The gift use guidelines defined in *Section V* shall apply to all unrestricted gifts with a value of \$10,000 or greater. Notification shall be provided to the individual, family, or the individual's estate, listing the donors who contributed memorial or honorary gifts.

VIII. GIFT POLICY REVIEW

This policy shall be reviewed every 4 years by the Congregational Council. The initial review will commence in the year 2026. Needed changes will be recommended by the Legacy Gift Ministry Team and approved by the congregational council.

IX. RESOURCES

The ELCA Foundation/Lutheran Foundation of the Southwest through Regional Gift Planners and support staff, offer gift planning services at no charge to congregations and donors. Visit www.elcafoundation.org, lfs.org or call 800-424-0447 to connect with the Regional Gift Planner that supports this congregation.

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