

Gloria Dei Lutheran Church Gift Acceptance Policy

This policy is designed to provide guidance to the Gloria Dei Lutheran Church community so as to facilitate the gift-giving process. It is not intended to stifle philanthropic creativity. Therefore, this policy is to be interpreted liberally so that prospective donors may enjoy the greatest freedom possible in formulating their gifts.

Acceptance of Gifts

Gifts represent funds received as voluntary contributions without any expectation, real or perceived, that goods or services will be received by the donor.

Gifts are received as unrestricted, temporarily restricted, or permanently restricted.

Unrestricted – Gifts received in this category come to the church with no donor restrictions and are properly accounted for in the unrestricted Mission and Ministry Fund (MMF) for use in support of the general operations of Gloria Dei Lutheran Church.

Temporarily Restricted – Gifts received in this category are to be used for a specific purpose specified by the donor subject to the published needs of the congregation. Temporarily restricted gifts are recognized as gift income in the specified fund when received. All expenditures of these funds are recorded in the specified fund recognizing that the donor's restrictions have been met. Examples of temporarily restricted gifts might be gifts received for use in a future fiscal year (timing restriction) or for a specific project (use restriction).

Permanently Restricted – Gifts received in this category are commonly referred to as Endowment funds. By donor specification the funds are to be invested and only the investment earnings (including interest, dividends and capital appreciation) may be expended for the purpose(s) decided upon by the Endowment Fund Committee. No principal contributed to the Endowment Fund shall be spent. (See Endowment Fund Guidelines for additional information on endowment management.)

Because conditions change over time, all restricted gift instruments should contain the following contingency clause:

“If circumstances should arise in the future that make it illegal, impossible, or impracticable to use the gift for the purpose specified above, then the Senior Pastor may submit a request for modification of this purpose to the Gloria Dei Lutheran Church Board of Directors. If, in the best judgment of the Board, such modification is deemed prudent, they may authorize the use of the income from the fund for the fulfillment of objectives as near as practical to the original-purpose of this fund. In the event of such modification to a named endowment, the original name will continue to be associated with the fund. This provision can not convert a permanently restricted gift into a temporarily restricted or unrestricted gift.”

General Principles

Gloria Dei reserves the right to refuse any gift that in any way detracts from its purpose, character, integrity, freedom, or its independence.

Gloria Dei must use gifts for the particular purpose designated by the donor or as set forth in any solicitation materials.

Gloria Dei should safeguard the donor's privacy and other confidential information.

Gloria Dei encourages donors who are considering planned or deferred gifts to consult with their attorneys and/or financial advisors.

Gloria Dei follows the letter and spirit of all laws and regulations affecting or relating to charitable giving and fund raising activities.

The donor is responsible for assigning a value to tangible property for income tax purposes.

Plan for Large Undesignated Donation

If a single undesignated gift in excess of 3% of the current fiscal year's undesignated offering budget is received and the amount of the gift is over and above the donor's committed annual gift, the gift will be distributed as follows:

- 1) If on the date of receipt, the consolidated unrestricted cash liquidity position of the Mission & Ministry Fund is less than \$150,000, a portion of the gift equal to the cash liquidity deficit will remain in the undesignated offerings account
- 2) The remaining gift will be divided between the Mission & Ministry Fund mortgage debt (45%), and the Gloria Dei Endowment Fund (55%).

For example, an undesignated gift of \$200,000 was received on May 31st. The unrestricted Mission & Ministry Fund cash liquidity on May 31st was \$90,318. The amount of the gift to remain in the undesignated offerings would be \$59,682 (\$150,000 – \$90,318). The Endowment Fund would receive 55% of the remaining amount or \$77,175 and a payment in the amount of \$63,143 would be sent to LCEF to be applied to mortgage principal.

Cash Gifts

Donations in the form of US currency, credit or debit card, or automatic draft are accepted forms of payment. Checks should be made payable to Gloria Dei Lutheran Church and mailed or delivered to:

Gloria Dei Lutheran Church
18220 Upper Bay Road
Houston, TX 77058

For gifts made by check and mailed at the calendar year-end, the postmark date is the gift date. Electronic donations can be made online at www.gdlc.org.

Gifts of Securities

Publicly traded securities, mutual funds, shares of stock in closely held companies, bonds, and government issues may be given to Gloria Dei Lutheran Church. It is Gloria Dei's policy to convert securities to cash.

If securities are electronically transferred from a donor's brokerage account to Gloria Dei's brokerage account via the Depository Trust Company (DTC), then the date of the gift will be the date on which the securities are received in the Gloria Dei's account. Donors should contact Gloria Dei's business office to obtain the DTC instructions which they will then give to their broker along with a letter of instruction regarding the specific securities to be transferred. A copy of the letter of instruction should be sent to Gloria Dei noting the specific purpose of the gift (i.e. pledge, building fund, etc.) in order that the gift may be receipted properly.

Real Estate

On a very limited basis, Gloria Dei Lutheran Church may accept gifts of real estate, including houses, condominiums, commercial properties, farmland, rental property and undeveloped land, after a thorough review of the following factors:

- The usefulness of the property for Gloria Dei's purposes
- The marketability of the property
- The existence of restrictions, reservations, easements, and/or other limitations
- The existence of encumbrances, such as mortgages and mechanics liens
- Carrying costs, such as property owner's association dues, taxes, insurance, and other maintenance expenses, and
- Fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with IRS standards

Prior to the acceptance of any parcel of real property, an assessment of the potential environmental risks will be conducted. This assessment shall include the following:

- An inquiry of the present owner regarding his, her or its knowledge of the history of the property
- A title search to determine who the prior owners might have been
- A consultation with federal, state, and local environmental agencies to find out whether the property has any history of hazardous waste contamination: and
- A visual inspection of the property for any evidence of environmental hazards

An environmental audit conducted by a professional service also may be required. The decision to accept gifts of real estate requires approval by the Board of Directors.

Gloria Dei reserves the right to require that the donor or the donor's personal representative pay the cost, including professional fees, of any review or investigation described above as a condition of considering acceptance of the property in question.

Tangible Personal Property

Gloria Dei typically does not accept gifts of tangible personal property, including works of art, jewelry, antiques, coin, stamp and other collections, automobiles, manuscripts, and books. Such gifts may be accepted only after a thorough review indicates the property is readily marketable or may be used by Gloria Dei in a manner consistent with one of the purposes for which it was granted status. An essential issue for donors to consider before contributing a gift of tangible personal property is whether they would like Gloria Dei to use or display the property. Prospective donors should be advised that Gloria Dei reserves the right to sell or otherwise dispose of the personal property in question, if such action is financially advisable or necessary.

For goods-in-kind donations with a fair market value between \$500 and \$5,000, Gloria Dei must be furnished with the following information:

- Donor's name, address, and telephone number
- Contact person if donor is a corporation
- Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value
- Date Gloria Dei Lutheran Church acquired the asset and method of acquisition
- Appraisal of the donated asset by a qualified party no more than 60 days prior to the date of the contribution

For goods-in-kind donations with a fair market value over \$5,000, Gloria Dei must be furnished with the following in addition to those items listed above:

- An independent evaluation from a qualified appraiser and evidence of having met the reporting requirements for IRS Form 8283, *Non-cash Charitable Contributions Appraisal Summary*

If the property is sold within two years of the date of gift, Gloria Dei will execute a form 8282, a copy of which is provided to the IRS; a copy will also be provided to the donor.

Appraisals

All appraisals of real and personal property contributed to Gloria Dei shall be done in accordance with IRS Publication 561. Expenses incurred obtaining an appraisal will be the responsibility of the donor unless special circumstances exist that make it appropriate for Gloria Dei to share the cost.

Planned Giving

Planned gifts may be either deferred or outright. They may involve the transfer of substantial assets which significantly impact the donor's estate and final plans. These gifts often do not immediately confer institutional ownership and generally are not taken

out of the donor's current earnings. Any fees associated with managing individual charitable gifts will be paid for by the charitable gift vehicle. The acceptable methods of creating such gifts to Gloria Dei are described below:

Gift by Will or Revocable Living Trust

Gifts made by will or revocable living trust are completed only at the death of the donor and/or surviving beneficiary. These gifts may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property or a percentage of the residue of the estate. Bequests may be given as unrestricted, temporarily restricted or as a gift to the Gloria Dei Endowment Fund.

Donors are encouraged to recognize that over the many years following the establishment of a deferred gift, the needs, policies, and circumstances of Gloria Dei Lutheran Church can change in unforeseen ways. The leaders of Gloria Dei Lutheran Church must have the flexibility to make use of the funds in the best interest of Gloria Dei and in accord with donor interest and specifications. Thus, donors are encouraged to avoid detailed limitations and restrictions for their gifts. Donors considering bequests for a specific purpose are encouraged to consult with the Senior Pastor regarding their wishes.

Because they are subject to change, gift commitments by will or revocable trust do not generate tax deductions for the donor nor are they counted as current gift revenue for Gloria Dei. They would however generate income tax deductions for the estate or trust. Donors are encouraged to advise the church of these provisions to assist in its future planning. All such notifications are held in strictest confidence, unless the donor gives express permission for their plans to be made public.

Charitable Remainder Trusts

Charitable Remainder Trusts are irrevocable arrangements that pay income to the donor and/or other beneficiaries for life or a term of years. Gloria Dei will accept gifts valued at \$100,000 or more to either charitable remainder unitrusts or charitable remainder annuity trusts. In instances where accepting gifts of a smaller amount may be advantageous to Gloria Dei, the Senior Pastor or the Board of Directors acting together may waive the minimum gift requirement.

Assets which are readily acceptable for charitable remainder trusts include cash, marketable securities, and real estate not subject to debts or encumbrances. Assets that require prior approval of the Gloria Dei Board of Directors before acceptance include closely held securities, partnership interests, and tangible personal property. Mortgaged real estate cannot be accepted.

Income paid to the non-charitable beneficiary(ies) must be a minimum of five percent of the value of the trust assets. With an annuity trust, the payment remains the same throughout the term of the trust and no additional contributions can be made. With a unitrust, the payment varies each year, as the trust assets are revalued annually. Additional contributions can be made to a unitrust

While the rate of payment must be a minimum of five percent, the maximum rate is negotiated between the donor and Gloria Dei. The rate selected must take into account the income needs of the donor, balanced by the actuarial table calculations on the lives of the beneficiaries in order to assure the preservation of the trust assets for ultimate use by Gloria Dei, and any IRS regulation regarding payments.

Gloria Dei will not pay a finder's fee or commission to any third party in order to secure a charitable remainder trust, with the exception of standard commissions on the sale of real property, securities, or similar payments necessary to the operation of the trust.

Charitable Lead Trust

A charitable lead trust (CLT) provides immediate support for Gloria Dei through income generated by the assets in trust for a set period of time, after which the assets pass to a non-charitable beneficiary such as the donor, the donor's children, or other persons the donor specifies. In a lead trust, the donor gives Gloria Dei the current economic benefit of the transferred assets and retains the right to reacquire possession and control of the assets at a future date.

There are two types of CLT; the Charitable Lead Annuity Trust (CLAT) and the Charitable Annuity Unitrust (CIUT). In the CLAT, the donor sets a fixed amount of annual income Gloria Dei would receive. In the CIUT, Gloria Dei would receive a percentage of the trust value each year, meaning the income to Gloria Dei could fluctuate year to year.

The donor during his/her lifetime creates an irrevocable trust agreement for a period of ten years or more. The agreement may take effect during the donor's lifetime or be part of the donor's will. Assets are transferred to a trustee, with the stipulation that the income from the assets be paid to Gloria Dei for the life of the trust, after which the principal or corpus of the trust reverts back to the donor or others of his/her choosing.

Gifts of Life Insurance

Life insurance can be the medium for giving funds to Gloria Dei. With it, the donor can make a substantial gift for a relatively modest annual outlay. A donor may irrevocably assign to Gloria Dei an existing life insurance policy that is no longer needed for family protection, making Gloria Dei both the policy owner and the beneficiary. Premium payments made by the donor for a policy for which Gloria Dei is both the owner and beneficiary are tax deductible to the donor. The Fair Market Value of the policy may create an income tax deduction for the donor in the year the policy is transferred to Gloria Dei. If the donor does not wish to continue paying the premiums, Gloria Dei may elect to:

- Continue paying the premiums and receive the full face value of the policy at the donor's death
- Convert the policy to paid-up insurance in a reduced amount with no further payments; or
- Surrender the policy for its present value

It is also possible for the donor to purchase a new life insurance policy for gift purposes. Once again, Gloria Dei must be named both owner and beneficiary of the policy. In this case, however, the donor will make annual tax deductible contributions to Gloria Dei in the amount of the premium due on the policy. Gloria Dei, in turn, will pay the premium to the company. Donors are strongly encouraged to select premium payment schedules that will allow a build up of excess cash with the policy so that earnings on the cash and policy dividends will be sufficient to pay the premiums after five to seven years. If a donor stops making premium gifts before the policy is self-supporting, Gloria Dei will have the options outlined above in regard to the policy.

Naming Gloria Dei as the beneficiary of a life insurance policy is the simplest way to provide death benefit proceeds from a policy, although it does not offer the income tax advantages that come with gifting the policy. However, it still reduces the donor's estate by the amount of the death benefit. Donors who are unsure of exactly how they want to apportion their assets after death can list Gloria Dei as a revocable beneficiary if they so choose. This gives them flexibility in future planning in case their financial situation changes.

Naming Gloria Dei as a beneficiary also ensures the privacy of the transaction, which can be important for donors who wish to keep their gifting intentions secret from their families or other heirs. Transfer of assets from an insurance contract is also absolutely incontestable, thus rendering anyone contesting the estate settlement powerless to stop it. Furthermore, the donor remains in a position to change the beneficiary prior to his or her death. If the donor chooses to stop paying the premiums, Gloria Dei can choose to continue the process or can allow the policy to lapse.

Before contributing gifts of life insurance to Gloria Dei, donors should consult with the Senior Pastor or Director of Business Administration.

Gift of Remainder Interest in a Personal Residence or Farm

A donor can give a remainder interest in a personal residence or farm to Gloria Dei. The donor or other occupants may continue to occupy the residence or operate the farm without disruption for the duration of the donor's life. Thereafter, the residence or farm will either be used by Gloria Dei or sold with proceeds used for purposes specified by the donor, if any. The procedures for evaluating proposed gifts of real property, as outlined above, also apply to gifts of a remainder interest in property.

If a life estate is retained in the property, expenses for maintenance, real estate taxes, and any indebtedness relating to the property are to be borne by the donor or the beneficiary of the life estate.

Trustee for Gifts in Trust

Gloria Dei Lutheran Church, in consultation with the donor, will designate a trustee for gifts that require the appointment of a fiduciary. In the event that Gloria Dei serves as trustee, trustee fees will be assessed according to a published fee schedule.

Final Approval, Acceptance, and Execution by Gloria Dei

Documents effectuating the acceptance of all gifts, the creation of endowment programs, and the transfer of real or tangible personal property to Gloria Dei must be approved by Gloria Dei's legal counsel and executed by the Board of Director's Chairman.

Corporate Matching Gifts

All matching gifts received by Gloria Dei Lutheran Church as a result of an employee or employees contribution(s) will be directed to the same fund as the donor's gift unless specified otherwise by the donor or the contributing corporation.

Policy for Disclosure of Donors and Amounts of Gifts and Bequests

To honor and protect those donors who desire to remain anonymous and/or desire not to have the amount of their gift or bequest disclosed to the Church community, the Board of Directors, Senior Pastor and staff will endeavor to honor any known desire on the part of a living or deceased donor that his or her identity and gift or bequest to the Church remain anonymous. In cases where a donor's desire is unknown, the Church will endeavor to ascertain the donor's desire.

Approved: 07/28/2015