SOUTHWESTERN TEXAS SYNOD
GIFT ACCEPTANCE POLICY
APPROVED BY SYNOD COUNCIL

I. INTRODUCTION

The Southwestern Texas Synod "Synod" encourages gifts that will provide permanent funding to help the Synod fulfill its mission. Extraordinary or one-time gifts to the Synod that are not otherwise specifically directed to another purpose will be stewarded by the Synod Council or Designee. Other accepted gifts will be used for the purpose specified. The Synod will always give first priority to honoring a donor's stated wishes for a gift. If it later becomes impossible or impracticable to use a gift for its originally intended purpose, the Synod Council or Designee shall make a reasonable effort to contact the donor (or the donor's estate or representative) to discuss an alternative use consistent with the donor's wishes before repurposing the gift. If the donor cannot be reached after a reasonable effort, or where a gift is not otherwise designated for a specific purpose, the Synod Council or Designee may repurpose the gift as needed to further the Synod's mission; in no event, however, shall any gift — whether designated or undesignated — be deposited into, or become part of, the Synod's general operating budget. Any gift received by the synod will require the donor to sign a letter of agreement (Appendix).

The purpose of establishing this policy is to maintain and preserve the integrity the Synod and minimize the acceptance of gifts that will not assist the Synod in fulfilling its mission. In addition, this policy is intended to provide guidance to prospective donors and their advisors when making gifts to the Synod. Accordingly, all gifts to the Synod or the Endowment shall be governed by this policy. The Synod retains the right to accept or reject any proposed gift and no gift shall be deemed accepted until accepted in accordance with this policy.

The Synod shall ask the donor of any property to pay for all costs associated with the transfer of property to the Synod, such as recording fees, transfer taxes, due diligence investigations, and other transfer fees. In appropriate circumstances, the Synod may pay such costs if the donor declines to pay such costs.

II. DONOR CONSIDERATIONS

The interest of the donor shall be the primary consideration with respect to any gift. No representative of the Synod in such capacity shall provide legal, financial, or tax advice to any prospective donor. All planned giving techniques have limitations and require that the donor comply with specific rules and regulations. As a result, all prospective donors should be encouraged to seek the assistance of personal legal, tax, and financial advisors in matters relating to gifts and the resulting tax and estate planning consequences.

III. PROCEDURE FOR ACCEPTANCE OR REJECTION

Synod Staff Authority. All prospective cash gifts or gifts of publicly traded securities shall be reviewed and may be accepted by the Synod Staff.

Synod Council or Designee. All prospective gifts not involving cash or publicly traded securities, but which appear to be readily marketable, not subject to current or anticipated litigation, and which will benefit the mission of the Synod, shall be reviewed and may be accepted by the Synod Council or Designee. The Synod Council or Designee shall follow this Policy in accepting any prospective gift.

Synod Council Authority. All other prospective gifts, including property of limited marketability or property involving liability or questionable benefit to the mission of the Synod, shall be reviewed by the Synod Council or Designee and its recommendation referred to the Synod Council for final determination as to acceptance or rejection. In such cases, the costs and benefits of the gift should be reviewed to determine possible maintenance expenses and whether existing staff has the resources to oversee the gifted assets. The Synod Council may deviate from this policy if it determines that doing so is in the best interests of the Synod. The Synod Council is authorized to retain and rely upon consultants, advisors, legal experts, and others when it deems such consultation is necessary.

IV. SPECIFIC TYPES OF GIFTS

A. Cash

Cash is acceptable in any form. Checks should be made payable to the "SWT Synod" (or any variant if the intent of the donor can be reasonably ascertained) and delivered to the Synod Office.

B. Securities

Securities include debt and equity interests in corporations, partnerships, limited liability companies, other business entities, and governmental entities and also include mutual funds and similar investments. Securities may either be publicly traded or non-publicly traded. Publicly traded securities are securities that are traded in a generally recognized market and can be easily sold and converted to cash. Non-publicly traded securities are interests in closely held business entities and other securities that are not traded on a recognized market or cannot be easily sold and converted to cash.

Publicly traded securities. Publicly traded securities are acceptable gifts. Transfer is best with unendorsed securities plus executed stock or bond powers, either hand delivered to Synod Office or sent separately by certified mail. Securities held in "street name" can be transferred by the donor to the Synod's current brokerage account or to a new account opened in the name of the Synod. The Synod Bishop or Designee shall assist in transferring any securities and in opening any new account.

Non-publicly traded securities. Non-publicly traded securities should be carefully examined to determine their value and marketability. The examination shall specifically determine that:

1. There are no restrictions on the security or ownership of the security that would prevent the Synod from converting such security into cash within a reasonable time; and
2. The security will not generate any undesirable tax consequences to the Church.

C. Real Property

Real property includes developed or undeveloped land, including residences, agricultural land, commercial property, and gifts of such property subject to a prior life interest. A gift of real property can represent a major contribution to the Synod. Such a gift may also represent a major liability in terms of up-front costs, carrying costs, property taxes, and environmental remediation. As a result, no interests in real property shall be accepted without a thorough review of the property, including a review of environmental aspects, the title, real estate taxes, insurance, and valuation of the property.

The *Synod Council or Designee* may accept gifts of real property in accordance with this section if the Committee determines that there are no significant concerns or potential adverse consequences to the Synod. In all other cases, the Committee shall make a recommendation to the Synod Council.

The review process for accepting a gift of real property shall start by obtaining (1) a copy of the property deed; (2) a copy of the property map, plat, or survey; (3) a copy of the current tax assessment and tax statement or similar indication of value and real estate taxes; (4) a copy of any lease encumbering all or any portion of the property; (5) a copy of any mortgage encumbering the property and its associated promissory note; (6) a copy of a current insurance invoice; and (7) a general itemization of any other income and carrying costs. The Bishop or Designee and the Chair of the Synod Council or Designee shall initially review these documents. If the review is favorable, a qualified appraisal of the property, an environmental assessment, and a title insurance commitment shall be obtained.

Prior to acceptance of any interest in real property, the donor shall obtain a qualified appraisal of the property and deliver it to the Synod. The donor shall choose the appraiser. The purpose of the appraisal is to provide the donor with a valuation for charitable tax deduction purposes and to provide the Synod with a professional estimation of the value of the property, against which the Synod can measure any mortgage and potential liabilities.

Prior to acceptance of an interest in real property, the Synod shall generally require an initial environmental assessment of the property (often referred to as a Phase I Environmental Survey). The purpose of the environmental assessment is to ensure that the property is not subject to environmental contamination, which could place unknown liabilities upon the Synod. The only instance in which an environmental survey may not be required is residential real property involving improvements constructed after 1978, in which case the Synod Council or Designee may, but is not required to, waive the requirement.

Prior to acceptance of an interest in real property, the Synod shall obtain a title insurance commitment or other title search. The purpose of the title search is to determine the exact restrictions, easements, mortgages, liens, and other items encumbering the title of the real property. The results of the title search shall be considered in determining whether to accept or reject the real property. Upon acceptance of the real property and recording of the deed, the Synod shall generally obtain a title insurance policy, insuring title in the church subject only to the items disclosed in the title search.

It will be the general procedure to ask that the donor pay for the cost of an appraisal, the environmental assessment, and the title work. In appropriate circumstances, however, if the donor declines to pay for the environmental assessment or the title work, the Synod may do so. If the donor intends to take a charitable tax deduction for contribution of the property, however, applicable provisions of the Internal Revenue Code require that the donor pay the costs of the appraisal.

Criteria for acceptance of gifts of interests of real property shall include:

1. Is the property useful for the purposes of the Synod?
2. Is the property marketable?
3. Are there any restrictions, reservations, easements, or other limitations associated with the property that limit its usefulness or marketability?
4. Is the property subject to mortgages or delinquent real estate taxes? Note: an affirmative response to either of these questions does not necessarily indicate a rejection.

5. What are the carrying costs associated with the property, such as insurance, property taxes, mortgages, etc.?
6. Does the environmental assessment reflect any environmental concerns?
7. Does ownership of the property create other risks, such as subjecting the Synod to litigation or other expenses?

When the Synod accepts a remainder interest in real property, following the life of one or more others, the Synod shall enter into a separate agreement that gives the donor(s)/life-tenant(s) the responsibility for maintenance, insurance, property taxes, mortgage payments, and other related on-going expenses. In appropriate circumstances, however, the Synod may incur costs that protect the future value of the real property.

D. Tangible Personal Property

Tangible personal property includes art, books, antiques, equipment, jewelry, collections, cars, and other corporeal personal property.

For Use by Synod in its Mission. The Bishop or Designee may accept gifts of tangible personal property that the Synod will actually use in fulfilling its mission. Greater charitable tax deductions may be available for donors of tangible personal property that the Synod uses in connection with the fulfillment of its mission and tax-exempt purposes. Only the Synod Council or Designee may represent to a donor that the property will or will not be used by the Synod in connection with the Synod's mission for the requisite period of time.

Not for Use by Synod in its Mission. Tangible personal property that the Synod cannot actually use in its mission is only acceptable if there is strong reason to believe the property can be quickly disposed of and the costs incurred will be outweighed by the net sale proceeds. Perishable property or property that requires special facilities or security to properly safeguard shall only be accepted if the benefits of the gift far outweigh the maintenance expenses and the Synod staff can appropriately oversee the personal property.

E. Charitable Trusts

Charitable Remainder Trusts. The Synod may accept a designation as the remainder beneficiary of a charitable remainder trust. Acceptance or rejection shall be based upon the assets that the donor proposes to transfer to the trust and the class of assets that are anticipated to be distributed from the trust to the Synod in the future.

Charitable Lead Trusts. The Synod may accept a designation as the beneficiary of a charitable lead trust to receive a stipulated unitrust percentage or a fixed annuity amount annually for a stated period of time. Acceptance or rejection shall be based upon the assets that the donor proposes to transfer to the trust and the class of assets that are anticipated to be distributed from the trust to the Synod.

Trustee of Charitable Trusts. The Synod will not directly accept an appointment as trustee of a charitable remainder trust. All trustee services are delegated to Lutheran Foundation of the Southwest, following the foundation's policy and guidelines.

F. Retirement Plan Beneficiary Designations

The Synod may accept the designation as a beneficiary or contingent beneficiary of a donor's retirement plan. Unless unusual circumstances exist, such designation may be accepted by the Synod Bishop or Designee.

G. Life Insurance

Beneficiary Designation. The Synod may accept the designation as a beneficiary or contingent beneficiary of a donor's life insurance policy. Such designation may be accepted by the Synod Bishop or Designee.

Gift of Policy. The Synod may accept an irrevocable gift of a life insurance policy, provided that the insured consents to the gift. Gifts of fully paid-up policy may be accepted by the Synod Bishop or Designee. The Synod Council or Designee may accept gifts of policy that are not fully paid-up, based upon the amount of the premiums, cash surrender value and other policy attributes, and health of the donor. Donors of policy that are not paid-up shall be encouraged to continue making the on-going premium payments; if ownership of the policy is irrevocably vested in the Synod, such premium payments should be entitled a charitable tax deduction. Policy that are not paid-up and for which the donor declines to make ongoing premium payments may be surrendered to the life insurance company for the cash surrender value, the Synod may pay the premiums through policy loans, or the Synod pay the premiums from other funds, as the Synod Council or Designee determines is in the best interests of the Synod.

H. CHURCH DISPOSITION OF DONATED PROPERTY

Property donated to and accepted by the Synod shall generally be sold or liquidated as soon as practical and the net proceeds invested in accordance with the Endowment investment policies. Consistent with Section I, the Synod will honor a donor's designated purpose for a gift whenever one has been given. If that purpose can no longer be fulfilled, the Synod Council or Designee shall first attempt to contact the donor (or the donor's estate or representative) to identify an alternative use before repurposing the gift. Absent such contact or a designation, the Synod Council or Designee may repurpose the gift as needed to further the Synod's mission; provided, however, that no gift shall be deposited into, or become part of, the Synod's general operating budget.

I. MISCELLANEOUS TAX MATTERS

The Synod, as a matter of governing policy, shall cooperate fully in all matters related to Internal Revenue Service investigations of charitable gifts.

If there is reason to believe that any gift of property, other than cash and certain publicly traded securities, has a value of $5,000 or more, the property shall not be accepted until after the donor has provided the Synod Council or Designee an appraisal qualified under the applicable provisions of the Internal Revenue Code governing such gifts. The Internal Revenue Code generally requires that the donor pay the costs of the appraisal. The requirement of such an appraisal, however, may, in the discretion of the Synod Council or Designee, be eliminated if the donor indicates in writing that they do not intend to take a charitable income tax deduction for such gift. The Synod Council or Designee, however, shall generally not waive the appraisal requirement if there is any question as to the authenticity or quality of the property donated.

The Synod Bishop or Designee shall assure that all prospective donors receive written confirmation of the acceptance or rejection of any gift. For accepted non-cash gifts having a value in excess of $250, the written confirmation shall describe the gift and give an estimate of the fair market value of

the property in accordance with applicable provisions of the Internal Revenue Code relating to the contemporaneous acknowledgment of charitable gifts. The letter shall state if the estimate of the fair market value is based upon the donor's estimate or a qualified appraisal.

Donors must generally file an IRS Form 8283 when taking a charitable income tax deduction for non-cash donations in excess of $500. In certain situations, the charitable donee of the non-cash property must also sign IRS Form 8283. When requested, the Synod Bishop or Designee shall sign an appropriately prepared IRS Form 8283 that a donor submits and shall retain a copy for Synod records.

The Synod shall comply with all reporting requirements under Section 6050L of the Internal Revenue Code. Generally, that section requires the Synod to file an information report with the Internal Revenue Service (on IRS Form 8282) if the Synod sells or disposes of the "charitable contribution property" within two years of its contribution to the Synod. The term "charitable contribution property" is defined as any property (excluding cash and certain publicly traded securities) for which a charitable income tax deduction was claimed and the property (plus the claimed value of all similar items of property donated by the donor to one or more donees) exceeds $5,000. The Synod Bishop or Designee shall sign and file IRS Form 8282 within 125 days of the date of sale or disposition of the property or such other period specified in the current IRS requirements.

J. MEMORIAL AND HONORARY GIFTS

Memorial and honorary gifts include gifts given in memory or honor of loved ones, friends, or others are subject to the guidelines of the Policy.

K. GIFT ACCEPTANCE POLICY REVIEW

This policy shall be reviewed every two (2) years by the Synod Council or Designee and submit its recommendations to the Synod Council. The initial review will commence in the year 2023.

L. GIFT PLANNING RESOURCE

Lutheran Foundation of the Southwest is the planned and legacy giving resource of the Southwestern Texas Synod.

APPENDIX

Gift Agreement and Donor Intent

This Gift Agreement is entered into between the Southwestern Texas Synod of the Evangelical Lutheran Church in America ("Synod") and _____ ("Donor").

Purpose of the Gift

The Donor intends that this gift be used for:

_____
_____

_____
_____

The Synod gratefully receives this statement as an expression of the Donor's charitable intent and desired use of the gift.

Stewardship by the Synod Council

The Donor acknowledges and agrees that the Synod Council is the governing body ultimately responsible for the stewardship of the Synod's financial resources and retains final authority and discretion regarding the administration and use of this gift.

The Synod Council seeks to honor the charitable purpose described above for as long as that purpose remains practicable, effective, and consistent with the mission and ministry of the Synod.

The Donor expressly authorizes the Synod Council, acting in good faith and in furtherance of the mission of the Synod, to modify the administration or use of the gift when the Synod Council determines that circumstances warrant such action.

This authority includes the ability to:

1. broaden, modify, or redirect the stated purpose of the gift when the original purpose has been fulfilled, has become impracticable, ineffective, unnecessary, obsolete, or inconsistent with the current mission or priorities of the Synod;
2. combine or merge this gift or fund with another fund having the same or a substantially similar purpose;
3. transfer the assets to an existing Synod fund or endowment whose purposes substantially reflect the Donor's intent;
4. rename a fund or discontinue a separately named fund when maintaining it separately is no longer administratively or financially prudent; and

5. use the gift for another purpose of the Synod that the Synod Council determines most closely reflects the spirit of the Donor's intent when the original purpose can no longer reasonably be fulfilled.

The Donor grants this authority to the Synod Council as part of the terms upon which the gift is made and accepted.

No Continuing Donor Control

Upon acceptance of the gift by the Synod, the gift becomes the property of the Southwestern Texas Synod. The Donor retains no legal control over the gift or its administration. Nothing in this Agreement creates a continuing right of the Donor, the Donor's heirs, beneficiaries, or representatives to direct the management or expenditure of the gift.

The Synod Council will nevertheless seek to honor the Donor's expressed intent in good faith, and will exercise the authority granted under this Agreement in a manner consistent with the mission and purposes of the Synod.

Endowment Gifts

If this gift establishes or contributes to a permanent endowment, the endowment shall be administered in accordance with applicable law, the Synod's policies, and the governing agreement for the endowment.

Unless expressly provided otherwise in the governing endowment agreement, the Synod Council's authority described in this Agreement includes authority to modify the purpose of the endowment or merge it with another endowment having the same or a substantially similar charitable purpose.

Nothing in this Agreement authorizes expenditure of permanently restricted principal contrary to applicable law or the governing terms of an existing endowment.

Acceptance

By signing below, the Donor acknowledges that the Donor has read and understands these provisions and specifically agrees that the Synod Council retains the stewardship and authority described in this Agreement.

The Synod accepts this gift subject to these terms.

Donor

Name: _____

Signature: _____

Date: _____

Southwestern Texas Synod

By: _____

Title: _____

Signature: _____

Date: _____