

GIFT POLICY

First Lutheran Church of Detroit Lakes
912 Lake Ave, Detroit Lakes, MN 56501
218-847-5656, flc@flcdl.org, www.firstlutheranchurch.com
Tax ID#: 41-0782878

“Wherever your treasure is, there the desires of your heart will also be.” Matthew 6:21

I. PURPOSE

This policy governs the acceptance of gifts by First Lutheran Church and provides guidance to prospective donors and their advisors when making gifts to this congregation where all are invited to support our mission and ministry. The provisions of this policy apply to all gifts to First Lutheran Church over and above regular giving, offering, or pledges, or specific campaign or initiative contributions. Gifts will be accepted when they support the mission, purpose, and procedures of First Lutheran Church. Donors are encouraged to bless this congregation with gifts free of restrictions. All gifts will be considered based on the type of asset, gift transfer costs, donor restrictions, potential liabilities, mission, current needs, and other applicable factors. First Lutheran Church shall accept only such gifts as are legal and consistent with the First Lutheran Church Gift Policy, and applicable Bylaws and Constitution. While First 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 (IRS) for allowing charitable tax benefits.

II. GIFT GUIDELINES

The Business Manager and/or Lead Pastor are charged with the responsibility of reviewing all gifts offered to this congregation and shall determine gift acceptance and use decisions. Gift decisions made by the Business Manager shall be reported contemporaneously to the Treasurer and to the Vision Council at a regular business meeting and, when required by policy, presented to the Vision Council for final approval.

- A. First Lutheran Church will accept unrestricted gifts and donor restricted gifts for specified programs and purposes, provided that such gifts are consistent with the stated mission, vision, policies and priorities of this congregation. First Lutheran Church will not accept gifts that would result in losing its status as a US Internal Revenue Code Section 501(c)(3) nonprofit organization; are deemed by the Business Manager 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 this church.
- B. First Lutheran Church, as a general rule, will convert all gifts to cash.
- C. Records of gift acceptance or decline and of gift use shall be audited within this congregation’s standard compliance review procedures.

- D. The Business Manager shall complete a **Gift Worksheet** (see Exhibit A) to record the gift acceptance and use decisions.
- E. The Business Manager 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 a current Business Manager and/or Pastor or their designee.
- F. Recognition of the donor should not be a condition of the gift. The decision to provide acknowledgement and recognition for the gift will be the decision of the Business Manager taking into consideration the desire of the donor and keeping with the standards and culture for the practice of appropriate gratitude for this congregation.
- G. 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 Business Manager are always encouraged to consult with the ELCA Foundation's Regional Gift Planner and Foundation staff or other related professional.

III. TYPES OF GIFTS CONSIDERED

The following examples are intended to facilitate donation and acceptance of gifts offered, albeit not intended to represent an exclusive list of potential gifts nor review criteria.

- A. **Potential Gifts.** A variety of gifts can be shared with this congregation and donors are encouraged to inform the Business Manager and/or this congregation's ELCA Foundation Regional Gift Planner of such gift plans whenever possible. Some gifts will be accepted outright, and other gifts will be reviewed on a case-by-case basis according to the documents of this congregation. The Business Manager may seek advice from attorneys, accountants, and other professionals in evaluating potential gifts. General categories of gifts include, but are not limited to:
 - a. **Cash.** Gifts of cash will be accepted and are welcomed.
 - i. A Qualified Charitable Contribution (QCD) is a giving vehicle that allows taxpayers over age 72 to donate to charities directly from their IRA, which would allow a donor to avoid federal income tax on this distribution. Consult with a financial professional or this congregation's ELCA Foundation Regional Gift Planner for more information.
 - ii. Cash Gifts and Grants from private family foundations will be encouraged on a case-by-case basis.
 - iii. Gifts from Donor Advised Funds will be encouraged.

- b. **Beneficiary Designations.** Gifts of assets that transfer through beneficiary designation will be accepted. Types of beneficiary designation assets include, but are not limited to:
- i. Bank and credit union accounts (commonly called a Payable on Death or POD)
 - ii. Bank accounts and investments of qualified or non-qualified status, including, but not limited to, annuities, mutual funds, and securities (commonly called a Transfer on Death or TOD)
 - iii. Charitable Gift Annuities
 - iv. Charitable Remainder Trusts
 - v. Charitable Lead Trusts
 - vi. Distribution Agreements
 - vii. Donor Advised Funds
 - viii. Endowments
 - ix. Life insurance policies
 - x. Profit sharing plans

NOTE: Sample beneficiary designation language... "First Lutheran Church, a nonprofit organization located at 912 Lake Ave, Detroit Lakes, MN 56501, Federal Tax ID #41-0782878, for general use and purpose."

- c. **Marketable Securities.** Gifts of marketable securities will be accepted when transferred electronically to a congregation-owned brokerage account; or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached; or transferred through the ELCA Foundation. 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 and non-publicly traded marketable securities include, but are not limited to:
- i. Bonds
 - ii. Master Limited Partnerships (MLP)
 - iii. Mutual Funds
 - iv. Real Estate Investment Trusts (REIT)
 - v. Stocks
 - vi. Unit Investment Trusts (UIT)

NOTE: Sample language when securities are transferred through the ELCA Foundation... "For Benefit Of: First Lutheran Church, a nonprofit organization located at 912 Lake Ave, Detroit Lakes, MN 56501, Federal Tax ID #41-0782878."

Please contact the office to receive a **Donation of Securities** form that contains account and transfer information for the congregation's preferred broker.

- d. **Life Insurance.** Gifts of life insurance will be accepted when this congregation is listed as the sole owner of the insurance policy and an agreement is reached regarding the responsibility for payment of current and future premiums due. If

the premium payments are not paid, the congregation, as policy owner, reserves the right to surrender the policy in exchange for the cash value to avoid loan balance accruals.

NOTE: Sample life insurance transfer of ownership language... "I transfer sole ownership of life insurance contract (contract #) to: First Lutheran Church, a nonprofit organization located at 912 Lake Ave, Detroit Lakes, MN 56501, Federal Tax ID #41-0782878."

e. **Bequests.** Gifts in the form of a bequest will be considered on a case-by-case basis. Types of bequests include, but are not limited to:

- i. Charitable Lead Trusts (CLT) or Charitable Remainder Trusts (CRT)
- ii. Irrevocable Life Insurance Trusts (ILIT)
- iii. Living or Revocable Trusts
- iv. Testamentary Trusts or 'trust under will'
- v. Wills

NOTE: Sample bequest language... "I hereby give, devise and bequeath ten percent (10 %) of my total estate, to First Lutheran Church, a nonprofit organization located at 912 Lake Ave, Detroit Lakes, MN 56501, Federal Tax ID #41-0782878, for general use and purpose."

f. **Real Estate.** Gifts of real estate will be considered on a case-by-case basis. The donor shall be required to present an appraisal to First Lutheran Church no more than 60 days prior to the real estate transfer (Ref. IRS Publication 561, under "Qualified Appraisal"). Prior to acceptance of any gift of real estate, this congregation may require an initial environmental review. In the event that the environmental review warrants additional investigation, this congregation may retain a qualified firm to conduct a comprehensive 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 on a case-by-case basis and shall be subject to the real estate provisions in this *Gift Policy Section III.f*. 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, First 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). Remainder interests/retained life estates may be created by the following:

- i. Beneficiary Deeds
- ii. Enhanced Life Estate Deeds (aka Lady Bird deeds)
- iii. Life Estate Deeds
- iv. Transfer on Death Deeds
- v. Wills or Revocable Living Trusts

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

- h. **Closely held business interests.** Gifts of closely held business interests will be considered on a case-by-case basis and shall be subject to the real estate provisions in this *Gift Policy Section III.f.* Types of closely held business interests include, but are not limited to:
 - i. Limited Liability type organizations (LLC, LLP, etc.)
 - ii. Partnerships
 - iii. S-Corporations or shares
 - iv. C-Corporations or shares
 - v. Business options/warrants
- i. **Oil, Gas, and Mineral Interests and Royalties.** Gifts of oil, gas, or mineral interests and/or royalties will be considered on a case-by-case basis and shall be subject to the real estate provisions in this *Gift Policy Section III.f.*
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 on a case-by-case basis and shall be subject to the real estate provisions in this *Gift Policy Section III.f.*, 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 First Lutheran Church. This congregation 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 First Lutheran Church as the owner (i.e., commodity is delivered and a warehouse receipt is executed to the congregation, or a notarized letter of transfer for crops stored on the farm).
- k. **Intellectual Property.** Gifts of intellectual property will be considered on a case-by-case basis. 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

- l. **Tangible Personal Property.** Gifts of tangible personal property will be considered on a case-by-case basis. The Committee may refer to IRS Publication 561 for guidelines in the valuation of different kinds of personal property. [IRS.gov/pub/irs-pdf/p561.pdf](https://www.irs.gov/pub/irs-pdf/p561.pdf)

- m. **In-Kind Donations.** Gifts of in-kind goods or services given by a business or business owner, or a donor willing to pay for such goods or services on behalf of First Lutheran Church, will be considered on a case-by-case basis. In-Kind donations will be acknowledged in writing by this congregation, but as per Internal Revenue Service (IRS) Guidelines, will not be valued by, nor provided a receipt for charitable contribution by this congregation. It is the donor's responsibility to complete and file IRS Form 8283 for any and each noncash contribution more than \$500. (Ref. IRS Publication 561 "*Determining the Value of Donated Property*")

B. Gift Review Criteria

- Does the gift further the mission or help fulfill the purpose of this congregation?
- Is the gift easy to convert to cash, readily marketable, or are there restrictions on the use, display, or sale of the gift?
- Are there covenants, conditions, restrictions, reservations, easements, encumbrance, or other limitations associated with the gift?
- 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?
- Does the environmental review or audit reflect that the property warrants additional investigation or otherwise requires remediation?
- Does the property have liabilities or other considerations that make receipt of the gift inappropriate?
- Any other criteria determined to be applicable by the Vision Council.

IV. GIFT VALUATION

Gift Valuation. For gifts of real estate and personal property valued at more than \$5,000, acquiring an independent assessment or appraisal shall be the responsibility of the donor or donor's estate. Appraisal of all non-cash gifts must take place within 60 days (Ref. IRS Publication 561 "*Determining the Value of Donated Property*" under "Qualified Appraisal").
 NOTE: The ELCA Foundation can be a resource to help determine the necessary appraisal information.

V. USE OF UNRESTRICTED GIFTS

An unrestricted gift is given without any stipulation for its use and is accepted to support the mission and ministry of First Lutheran Church. This *Gift Policy* defines two categories of unrestricted gifts and offers related protocols for each in an effort to honor the time and expertise held by the Business Manager:

- a. Unrestricted gifts with a value less than or equal to twenty-thousand dollars (\$20,000) may have the acceptance and use decisions managed by the Business Manager in accordance with this policy.
- b. Unrestricted gifts with value equal to or greater than twenty-thousand dollars (\$20,000) may have the acceptance and use decisions recommended by the Business Manager and approved by the Vision Council in accordance with this policy.

Step 1: This congregation may offer an outside gift of ten percent (10%) of the total gift, often referred to as a tithe. The tithe will be shared with the Northwestern Minnesota Synod of the ELCA.

Step 2: This congregation may offer a contribution of ten percent (10%) of the total gift to the Reserve fund or Buildings and Grounds fund.

Step 3: This congregation may offer a contribution of thirty percent (30%) of the total gift to the following designated spending categories, with a maximum contribution of ten percent (10%) of the total gift in any one category:

1. Ministry needs within our congregation as defined by the church's ***Schedule of Dedicated Accounts*** (see Exhibit C)
2. Outreach beyond our congregation:
 - a. ELCA Synodical programs
 - b. ELCA Churchwide programs
 - c. ELCA related organizations (outdoor ministry, campus ministry, social ministry, etc.)
 - d. Other non-ELCA related charities
 - e. First Lutheran Church partner ministries
 - f. First Lutheran Church Foundation

Step 4: The remaining portion of the gift, up to a maximum of six (6) months of the annual operating budget, shall be undesignated and used in the General Fund for the daily obligations of the congregation. Any remaining funds not allocated to the General Fund may be allocated to recipients and funds as described in steps 1-3.

VI. USE OF RESTRICTED GIFTS AND GUIDELINES

A restricted gift is given with specific stipulations for its use and is accepted to support the mission and ministry of this congregation through the donor's defined restrictions. Gifts with specific donor defined restrictions will be considered on a case-by-case basis with the understanding that the funds are to be used as requested by the donor.

NOTE: Once a gift is accepted, donors may not direct the way a gift is invested or utilized beyond the stipulated restriction(s). In accordance with the Internal Revenue Service, donors cannot claim tax favor or retain control over gifts to charity.

- A. Donors should be aware that programs offered by this congregation 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 and Release Form*** (see Exhibit B). The *Restriction and Release Form* is readily available in the office and through the website of this congregation. The Business Manager may send the *Restriction and Release Form* to a donor whose restricted gift is either directed to a fund or purpose not listed on the *Schedule of Dedicated Accounts* or is larger than typical gifts received for that fund or purpose.
- B. Restricted gifts established prior to the approval of this policy or received without the accompaniment of a *Restriction and Release Form* shall be reviewed by the Business Manager, Lead Pastor, the Vision Council, and potentially this congregation to determine if the gift shall be accepted. This congregation may also consult legal counsel and this state's Attorney General to determine the requirements to lift a donor restriction if necessary.
- C. Donor Restricted Gifts to the First Lutheran Church Endowment Fund: If a donor wishes to establish a named endowment, the gift should/shall meet the following requirements:
 - a. Must be valued at Twenty-Five Thousand dollars (\$25,000.00) or greater.
 - b. May be named after the original donor.
 - c. Can accept contributions from other donors.
 - d. Become an asset of this congregation.

Donors wishing to establish a named endowment, may also be encouraged to contact the ELCA Regional Gift Planner.

These steps apply to all restricted gifts except for named endowment unless there is time-limitation on the endowment.

- Step 1:** The congregation 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 twelve (12) months; and in alignment with the restriction release

requirements of this congregation 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 the *Gift Policy Section V*.

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 shall follow the current **Memorial and Honorary Gift Policy** (see Exhibit D) to determine the use of the gift and shall be deposited in into either the Memorial Fund, General Fund, or a Dedicated Fund of First Lutheran Church.

Notification shall be provided to the individual, family, or the individual’s estate, listing the donors who contributed a memorial or honorary gift.

VIII. GIFT POLICY REVIEW

This policy shall be reviewed every three (3) years by the Vision Council and the Business Manager at a regularly scheduled meeting. The initial review will commence in the year two thousand and twenty-three (2023).

IX. RESOURCES

The **ELCA Foundation**, through Regional Gift Planners and support staff, offer gift planning services at no charge to this congregation and their donors. Visit **www.elcafoundation.org** or call **800-638-3522** to connect with the ELCA Foundation Regional Gift Planner that supports this congregation.

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

Date Approved:	8/22/23	Approved by:	Vision Council	
Date Reviewed:		Reviewed by:		Approved by:

GIFT WORKSHEET

First Lutheran Church of Detroit Lakes
 912 Lake Ave, Detroit Lakes, MN 56501
 218-847-5656, flc@flcdl.org, www.firstlutheranchurch.com
 Tax ID#: 41-0782878

Date: _____ Donor Name(s): _____

Gift Amount: \$ _____

Description: _____

Gift Use: Restricted Unrestricted Donor Restriction: _____

Restriction Release Form _____

Gift Status: Rejected Reason for Rejection: _____

Accepted Donor Contact By: _____

Date: _____

1.	TITHE: Northwestern Minnesota Synod	(10%)	\$
2.	RESERVE: Buildings & Grounds	(10%)	\$
3.	OTHER:		\$
4.			\$
5.			\$
6.			\$
7.			\$
8.			\$
9.			\$
10.	GENERAL FUND: (Maximum amount per policy: \$ _____)		\$
TOTAL:			\$

<input type="checkbox"/> Thank you Letter Sent	<input type="checkbox"/> Decline Letter Sent
Vision Council Approval: _____	Date: _____
Gift Distribution Completed By: _____	Date: _____

RESTRICTION AND RELEASE FORM

First Lutheran Church of Detroit Lakes
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Undesignated and unrestricted gifts offer the best opportunities for this church to direct your gift to where it is most needed to impact our mission. We have adopted a gift policy that explains how such gifts will be used by this church. We are happy to share this information with you.

Donor Name(s): _____
Donor Address: _____
Date: _____ **Amount:** _____

Is this a gift to the/an endowment? Yes No

Donor Restriction:

Donor Release:

In the event a restricted gift to First Lutheran Church of Detroit Lakes, Minnesota, or part thereof, is unable to be used due to lack of program, need, or funding, as determined by the congregation council, the gift will become unrestricted after a minimum of twelve (12) months beyond the restriction(s) useful life, to assure the restriction is no longer applicable. The gift or contribution along with any remainder, unused portion, accumulated interest, or growth will be managed according to the unrestricted gift guidelines in this congregation's Gift Policy.

I/We understand and agree to the terms and conditions defined in First Lutheran Church's Gift Policy and represented in this release form.

Donor Signature: _____ **Date:** _____
Donor Signature: _____ **Date:** _____

Restriction Acceptance:

On behalf of First Lutheran Church, this congregation accepts the restriction offered by the Donor(s) and agrees to honor that request as defined by this congregation's Gift Policy and as represented by this release form.

Representative Name and Title: _____
Representative Signature: _____ **Date:** _____

SCHEDULE OF DEDICATED ACCOUNTS

First Lutheran Church of Detroit Lakes
912 Lake Ave, Detroit Lakes, MN 56501
218-847-5656, flc@flcdl.org, www.firstlutheranchurch.com
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Restricted gifts are an important part of First Lutheran Church's stewardship philosophy and allow us to meet specific ministry needs. We have prepared this list of existing Dedicated Accounts, or funds, that you may direct your giving towards. If a fund or purpose is not listed here, please review our Gift Policy and discuss your wishes with our Business Manager to determine how our ministries can best benefit from your generosity

Fund	Ministry Purpose
Adult Faith Formation	Enriching the faith lives of adult members
Agape	Serving food and providing emergency shelter, basic needs, and economic assistance to neighbors in need
Altar Guild & Paraments	Enabling the maintenance, acquisition, and use of sacramental items during worship services
Broadcast Ministry	Broadcasting worship services and other events on the radio, television, and Internet
Buildings & Grounds	Maintaining and investing in the facility
Children's Ministry	Providing education and pastoral care to our youngest members
Creation Care	Intentional stewardship of God's creation for future generations.
Flower Fund	Beautifying our spaces and campus
Hospitality	Welcoming those who visit our church
Kitchen Remodel	Updating our kitchen facilities
Library	Acquiring and maintaining our collection of books and resources
Music Ministry	Glorifying God through music
Parish Health	Caring for members by integrating health and wellbeing.
Sound & Technology	Supporting the worship experience
Women of FLC	Fellowship for women in the congregation
Youth Ministry	Building relationships and fellowship with middle and high school aged members

This list can be and is updated frequently, please be sure you have the most current version.

MEMORIAL AND HONORARY GIFT POLICY

First Lutheran Church of Detroit Lakes
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Memorial or honorary gifts may be made in honor or memory of a deceased member, family, friend, or staff of First Lutheran Church.

Gifts will be accepted either as undesignated and received into our Memorial Fund, in support of the general operations (also known as the General Fund) of First Lutheran Church or as directed to any of funds defined by our **Schedule of Dedicated Accounts** (Exhibit C), some examples of these special funds are:

- Worship/Music
- Youth ministry
- Agape
- Buildings & Grounds

Any gift restrictions or designations beyond those listed in the **Schedule of Dedicated Accounts** must be approved by the Vision Council of First Lutheran Church.

Legacy Gifts

Memorial or honorary gifts which the donor wishes to be a lasting, perpetual gift may be made to First Lutheran Church's Endowment Fund. In such cases, the initial contact should be with the Business Manager. For large gifts, greater than \$25,000, separate accounts may be set up, with investment income expended in accordance with the wishes of the donors. Smaller gifts will be added to the principal of First Lutheran Church's Endowment Fund and the investment income expended in accordance with the current policies of First Lutheran Church.



DONATION OF SECURITIES FORM

Name & Type of Securities (ex: IBM Common Stock)	Number of Shares	Date of Transfer
Donor's Name	Broker's Name	
Donor's Street Address	Broker's Company	
Donor's City/State/Zip	Broker's Phone Number	
Donor's Phone Number (Only if there is a problem with the donation)		

First Lutheran Church's **broker contact information** is:

Bremer Investments
115 Holmes St E
Detroit Lakes, MN 56501
218-846-0381

First Lutheran Church's **account number** with Raymond James is: **493VM170**

For electronic transfers, our Depository Trust Company (**DTC**) number is: **0725**
This is the most secure and cost-effective way to process your gift.

First Lutheran Church's **tax identification number** (FEIN) is **41-0782878**.

First Lutheran Church qualifies as a tax-exempt organization as defined in section 501(c)(3) of the Internal Revenue Code. Charitable contributions to a church are tax-deductible under section 170(c)(2) of the Internal Revenue Code.