

**GIFT ACCEPTANCE GUIDELINES**  
**The Lutheran Hour Ministries Foundation**

**I. INTRODUCTION**

The Lutheran Hour Ministries Foundation actively seeks charitable gifts to enable it to fulfill its important mission.

This statement of Gift Acceptance Guidelines is designed to give guidance to those individuals within the Lutheran Hour Ministries Foundation community concerned with planning, promotion, solicitation, receipt, acceptance, acknowledgment, disposition, and/or stewardship of charitable gifts. The Lutheran Hour Ministries Foundation has no paid staff, but is represented by staff of Lutheran Hour Ministries. Therefore guidelines also apply to those representing the Lutheran Hour Ministries Foundation in an official capacity. Further, these guidelines have been designed to honor and maximize donor intent, to minimize undue risk to the Lutheran Hour Ministries Foundation, and to facilitate the gift acceptance process. All gifts are to be accepted in accordance with these guidelines.

This statement of Gift Acceptance Guidelines is a working document that shall be revised from time to time, as necessary and appropriate, by the President of the Lutheran Hour Ministries Foundation and Advancement staff of Lutheran Hour Ministries to reflect the actual practices and procedures in place. The President of the Lutheran Hour Ministries Foundation and the Trustees of the Lutheran Hour Ministries Foundation shall review the guidelines annually and approve any changes.

**II. GENERAL GUIDELINES**

- A. All gifts that the Lutheran Hour Ministries Foundation accepts shall conform to all applicable laws and regulations, especially those applying to nonprofit organizations and charitable giving.
- B. The Lutheran Hour Ministries Foundation shall maintain reasonable flexibility in its practices regarding gift acceptance, since some gift situations are complex, and proper decisions can be made only after careful consideration of all related factors.
- C. All gifts offered to the Lutheran Hour Ministries Foundation shall receive serious consideration, however, the merits of a particular gift may sometimes require extensive evaluation by appropriate Lutheran Hour Ministries

Foundation representatives, Lutheran Hour Ministries staff and/or, when necessary, outside advisors.

- D. Gifts to the Lutheran Hour Ministries Foundation shall be unrestricted or restricted by specific instructions from the donor. Gifts without specific instructions from the donor shall be presumed to be unrestricted.
- E. Endowment gifts of \$10,000 or greater may be established as individual (named) endowment funds. To reach the minimum, gift may be a combination of outright as well as deferred gift commitments.
- F. Generally gifts to Lutheran Hour Ministries Foundation of \$10,000 or greater shall be documented by a written gift agreement. (Attachment 1)
- G. No gift shall be solicited unless it is for general operating support for the Lutheran Hour Ministries Foundation or Lutheran Hour Ministries, for endowment funds of the Lutheran Hour Ministries Foundation, or for programs, projects or capital projects that are approved by the Trustees of the Lutheran Hour Ministries foundation or programs, project, or capital projects that are approved by Lutheran Hour Ministries Executive Director and the Board of Governors of the International Lutheran Laymen's League.

### **III. OUTRIGHT GIFTS**

Outright gifts are gifts which are placed at the immediate disposal of Lutheran Hour Ministries Foundation and in which the donor retains no interest.

- A. Cash, Check, Credit Card, EFT, and "Giving Made Easy" Gifts**
  - 1. All gifts of cash shall be accepted.
  - 2. Gifts by check, of one dollar or greater, shall be accepted. Checks shall be made payable to "Lutheran Hour Ministries Foundation" and mailed or otherwise delivered to Lutheran Hour Ministries Foundation, 660 Mason Ridge Center Drive, St. Louis, MO 63141.
  - 3. Gifts by credit card, of ten dollars or greater, shall be accepted. The name and billing address of the donor, the amount of the gift, the donor's credit card number, and the credit card expiration date shall be mailed or otherwise communicated to Lutheran Hour Ministries Foundation.
  - 4. Gifts by EFT (Electronic Funds Transfer) shall be accepted. Donors shall provide financial institution's name, ABA routing number, and account number to initiate gift.
  - 5. Donors can enroll in the "Giving Made Easy" program to authorize periodic withdrawal (EFT) gifts or credit card charges. (Attachment 2).

## **B. Publicly Traded Securities**

1. Gifts of publicly traded securities in negotiable form shall be accepted.
2. When the donor has possession of the actual stock certificate, the donor can:
  - a. Endorse the stock certificate on the back and hand deliver the stock certificate to Lutheran Hour Ministries Foundation.
  - b. Mail the unendorsed stock certificate to the Lutheran Hour Ministries Foundation by registered mail and separately mail an executed stock power to the Lutheran Hour Ministries Foundation.
  - c. Take the stock certificate to a bank or brokerage house to be converted into an electronic transfer. Instructions are immediately following.
3. When the donor's stock is in a street account at a bank or brokerage house, the donor can direct the broker to transfer the stock by electronic transfer directly to the Lutheran Hour Ministries Foundation account at its financial institution. Specific instructions for the transfer as well as the name and account number of the Lutheran Hour Ministries Foundation's recipient account are available by contacting Lutheran Hour Ministries Gift Planning Department at 1-877-333-1963.
4. When a gift of publicly traded securities is anticipated, Lutheran Hour Ministries Advancement staff on behalf of the Lutheran Hour Ministries Foundation shall notify its financial institution in advance of the date and approximate time that the transfer is anticipated as well as the donor's name, the name of the corporation, and the number of shares that will be transferred.
5. The value of gifts of publicly traded securities shall be determined within two business days of receipt so that Advancement staff can send an acknowledgment letter to the donor stating the name of the corporation, the number of shares that were gifted, the value of the shares, and the date of the gift.

## **C. Closely Held Securities**

1. Gifts of closely held or non-publicly traded securities shall be accepted only after a favorable evaluation by the President or a Vice President of the Lutheran Hour Ministries Foundation and, when necessary, outside advisors. Prior to acceptance, the fair market value shall be determined and methods of liquidation shall be explored.
2. Valuation of a gift of closely held securities shall be the responsibility of the donor. In the absence of a recent sale of the stock, the stock shall be valued according to IRS approved valuation techniques. If the value of the gift is estimated to be \$10,000 or more, a qualified

appraisal will be required by the IRS, and the expense of the appraisal shall be borne by the donor.

3. Lutheran Hour Ministries Foundation shall not, formally or informally, enter into a redemption agreement with the donor prior to acceptance of the gift of closely held securities.

#### **D. Restricted Securities**

Gifts of restricted securities shall be accepted, subject to restrictions, only after favorable evaluation by the President or a Vice President of the Lutheran Hour Ministries Foundation and, when necessary, outside advisors.

#### **E. Life Insurance**

1. Lutheran Hour Ministries Foundation shall accept gifts of life insurance in the event that Lutheran Hour Ministries Foundation is named the owner and sole beneficiary of the gifted policy. Lutheran Hour Ministries Foundation shall, at its option, surrender the policy for its cash value, or retain the policy until the death of the donor. For gift recording purposes, the value of a gift of a fully paid policy shall be the replacement cost of the policy; the value of a gift of a partially paid policy shall be the cash surrender value of the policy.
2. Lutheran Hour Ministries Foundation, at its option, shall retain a gifted life insurance policy when the donor of the policy commits to an ongoing program of annual gifts to permit the Lutheran Hour Ministries Foundation to pay the annual insurance premiums. Donors will be provided a receipt for tax purposes for gifts to pay the annual premium.
3. Lutheran Hour Ministries Foundation shall recommend to a prospective donor of a gift of life insurance that he or she first obtain a legal opinion regarding whether, under applicable state law, Lutheran Hour Ministries Foundation has an insurable interest in the donor's life.
4. Lutheran Hour Ministries Foundation has no objection to being designated as the beneficiary or contingent beneficiary of a life insurance policy in which the donor retains ownership.

#### **F. Real Estate**

**Transfers of Real Estate.** All real estate asset transfers to the International Lutheran Laymen's League (d/b/a Lutheran Hour Ministries) or Lutheran Hour Ministries Foundation (LHMF) should be titled in the name of "LHM Holdings, Inc.", its wholly owned subsidiary (FEIN 43-1732163). The date of the gift will be the date the donor has irrevocably deeded the real estate to LHM Holdings, Inc. and has no further recourse or liability associated with the transferred real estate.

## **G. Tangible Personal Property**

1. Gifts of tangible personal property shall be accepted only after favorable evaluation by the President or a Vice President of the Lutheran Hour Ministries Foundation and, when necessary, outside advisors.
2. For gifts of tangible personal property, the amount that is deductible for federal income tax purposes depends on whether the gift relates to the exempt purposes of Lutheran Hour Ministries Foundation. If the gift is related to the exempt purpose of Lutheran Hour Ministries Foundation, the charitable income tax deduction to the donor is the fair market value of the property. If the gift is unrelated to Lutheran Hour Ministries Foundation's exempt purposes, the charitable income tax deduction to the donor is generally limited to the lesser of the property's cost basis or its fair market value. The valuation of a gift of tangible personal property shall be the responsibility of the donor and the expense of any appraisals shall be borne by the donor.
3. Lutheran Hour Ministries Foundation shall make no representation to the potential donor of gifts of tangible personal property regarding the length of time the gifts of tangible personal property will be held by Lutheran Hour Ministries Foundation.
4. Gifts of tangible personal property requiring perpetual ownership shall be accepted only after approval by the Trustees of the Lutheran Hour Ministries Foundation.

## **H. Other Property**

Gifts of other property of any description, including, but not limited to, mortgages, notes, copyrights, royalties, licenses, and easements, shall be accepted only after favorable evaluation by the President or a Vice President of the Lutheran Hour Ministries Foundation and, when necessary, outside advisors.

## **IV. PLANNED GIFTS**

Planned gifts are deferred receipt gifts, whether revocable or irrevocable, in which the donor retains an interest. Donors of planned gifts shall be asked to disclose, in writing, information regarding the nature and size of the gift. This information shall be used for internal accounting purposes and shall not be binding on the donor.

Independent legal representation limits the possibility that a gift will be attacked under a claim of undue influence. Therefore, Lutheran Hour Ministries Advancement staff acting as agents of the Lutheran Hour Ministries Foundation shall provide prospective donors with information about planned giving options, but shall always urge them to discuss specific planned giving proposals with legal and financial advisors of their own choosing.

#### **A. Bequests**

1. Lutheran Hour Ministries Foundation encourages donors and other constituents to make bequests to Lutheran Hour Ministries Foundation through their wills, codicils to their wills, or their living trusts.
2. Bequest gifts mature after the death of the donor and when the administration and settlement of the donor's estate has been completed. The Lutheran Hour Ministries staff acting as agents of the Lutheran Hour Ministries Foundation shall work with the donor's personal representative and/or other fiduciaries, as necessary and appropriate, to assist in a timely and accurate estate administration and settlement.
3. Lutheran Hour Ministries Foundation or an agent of the Lutheran Hour Ministries Foundation shall not serve as personal representative for the estate of a donor.

#### **B. Charitable Gift Annuities**

1. As part of its planned giving program, Lutheran Hour Ministries Foundation shall offer charitable gift annuities in most states excluding California, New York and Wisconsin. Both immediate payment and deferred payment charitable gift annuities shall be offered.
2. The Lutheran Hour Ministries Foundation shall follow the recommended applicable rates from the American Council on Gift Annuities except that annuity rates shall be capped at 10 percent. (Attachment 3).
3. The minimum gift amount required to establish a charitable gift annuity shall be \$5,000.
4. There shall be no more than two income beneficiaries per charitable gift annuity.
5. Cash or publicly traded securities shall be the only acceptable contributions to establish a charitable gift annuity.
6. Lutheran Hour Ministries Foundation shall make no representation that could be interpreted as marketing charitable gift annuities as an investment.
7. Because of frequent changes in registration and regulations, the Gift Annuity Guidelines (Attachment 4) should be utilized.

#### **C. Charitable Trusts**

Lutheran Hour Ministries Foundation encourages donors to establish charitable trusts as a method of making a gift to Lutheran Hour Ministries Foundation. Lutheran Hour Ministries Foundation recognizes that charitable trusts are established by the donor in consultation with his or her own estate planning attorney and other financial advisers, and that once established, due to their complexity, are generally managed and/or administered by a commercial trust company at the donor's choosing.

As a general rule, Lutheran Hour Ministries Foundation shall not serve as trustee or co-trustee of a donor's charitable trust. However, Lutheran Hour Ministries Foundation has contracted with a reputable commercial trust company to serve as trustee for its donors' charitable trusts by arrangement of the individual donor.

#### **D. Beneficiary Designations**

Lutheran Hour Ministries Foundation encourages donors to name Lutheran Hour Ministries Foundation as beneficiary or contingent beneficiary of their retirement plans, commercial annuities, pay on death accounts, life insurance (as previously noted) and other financial assets as a method of making a gift to Lutheran Hour Ministries Foundation.

#### **E. Life Estate Gifts**

Life estate gifts are gifts of real property in which the donor retains use of the property during the donor's lifetime. Lutheran Hour Ministries Foundation shall consider accepting life estate gifts in situations when the real property asset involved is substantial in value yet it is a relatively minor portion of the donor's wealth and when the donor has received full disclosure of the possible ramifications of the gift. Life estate gifts are quite complex and their acceptance shall require formal approval of the Trustees of the Lutheran Hour Ministries Foundation

### **V. GIFT RECOGNITION PROGRAM**

Lutheran Hour Ministries Foundation, in cooperation with Lutheran Hour Ministries, has established various gift recognition programs to provide special thanks for gifts, encourage further gifts, and promote various methods of completing gifts.

#### **A. Major (Outright) Gifts**

Major Gifts will be recognized according to levels established through the major donor recognition program. Procedures will be developed for this recognition and will be made part of these gift acceptance guidelines.

## **B. Hoffmann Society**

Donors that complete gifts for Lutheran Hour Ministries that will be fully realized after their death (deferred gifts) will be offered membership in the Hoffmann Society. In addition, outright gifts to endowment of \$1,000 or greater will qualify for membership.

## **C. Non-recognition**

Lutheran Hour Ministries Foundation will honor the wishes of donors that request not to be recognized through established gift recognition programs.

# **VI. GIFT RECORDING, ACKNOWLEDGMENT, AND STEWARDSHIP**

Lutheran Hour Ministries Foundation is responsible for stewardship of the gifts it receives from its donors. Lutheran Hour Ministries Foundation shall maintain accurate records and provide appropriate receipts and documentation to permit donors to avail themselves of all tax benefits to which they are entitled.

## **A. Gift Acknowledgment**

1. All gifts shall be recorded and acknowledged by the Department of Ministry Advancement of Lutheran Hour Ministries on behalf of the Lutheran Hour Ministries Foundation. The President of the Lutheran Hour Ministries Foundation shall establish the acknowledgment process and acknowledgment thresholds.
2. All official gift acknowledgments shall state the amount of the gift, the date of the gift, and whether the donor received goods or services in exchange for the gift.
3. The date of the gift for income tax purposes is the date that the gift is unconditionally delivered to Lutheran Hour Ministries Foundation.
4. All gifts shall be acknowledged to the donor within a reasonable period of time, ideally within three business days from the receipt of the gift.

## **B. Memorial and Tribute Gifts**

1. When a donor makes a gift in memory of a deceased individual, at the request of the donor, Lutheran Hour Ministries Foundation shall notify the family of the deceased or other designated individuals of the gift.
2. When a donor makes a gift in honor of an individual or occasion, at the request of the donor, Lutheran Hour Ministries Foundation shall notify the honoree of the gift.
3. All memorial and tribute gifts shall be acknowledged to the donor as well.



## **VII. ETHICS**

- A. Lutheran Hour Ministries Foundation shall not accept gifts that are inconsistent with its mission or gifts that involve unlawful discrimination based on race, religion, sex, age, national origin, or disability.
- B. Individuals representing Lutheran Hour Ministries Foundation shall be circumspect in all dealings with donors and prospective donors in order to avoid even the appearance of an act of self-dealing or conflict of interest.
- C. In the event that an individual representing Lutheran Hour Ministries charitable tax planning information or advice, the prospective donor shall be strongly encouraged to consult with personal legal and tax advisors before acting on any advice, information, or recommendations. The prospective donor shall be required to sign a waiver when the nature of the planning situation makes the use of such waiver appropriate. (Attachment 5)
- D. All gifts to Lutheran Hour Ministries Foundation from a particular donor will be proposed, encouraged, and accepted in a form consistent with the known best interests of the donor.
- H. All fundraising practices of Lutheran Hour Ministries shall be in compliance with the “Code of Ethical Principles and Practices” of the Association of Lutheran Development Executives, the “Standards of Professional Practice” of the Association of Fundraising Professionals and the “Model Standards of Practice for the Charitable Gift Planner” of the National Committee on Planned Giving. (Attachments 6, 7, & 8)

On July 21, 2004, a motion was approved by the Board of Trustees of the LHM Foundation to approve these Gift Acceptance Guidelines.

## **ATTACHMENTS**

1. Specimen Gift Agreement
2. Giving Made Easy Procedures
3. Recommended Annuity Rates from the American Council of Gift Annuities
4. Gift Annuity Guidelines
5. Specimen Waiver
6. ALDE’s “Code of Ethical Principles and Practices”
7. AFP’s “Standards of Professional Practice”
8. NCPG’s “Model Standards of Practice for the Charitable Gift Planner”

## **FOR FURTHER INFORMATION**

For further information about specific charitable giving vehicles, the tax treatment of charitable gifts, and/or determining the date of the gift, see *The Complete Guide to*

*Planned Giving*, Revised Third Edition, by Debra Ashton and *Tax Economics of Charitable Giving*, Thirteenth Edition by Arthur Andersen.