

# **GIFT ACCEPTANCE GUIDELINES AND POLICIES**

## **Lutheran Hour Ministries**

*Written - October 20, 2009*

*Edited – October 23, 2017*

### **I. INTRODUCTION**

Lutheran Hour Ministries 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 community concerned with planning, promotion, solicitation, receipt, acceptance, acknowledgment, disposition, and/or stewardship of charitable gifts. Further, these guidelines have been designed to honor and maximize donor intent, to minimize risk to Lutheran Hour Ministries, 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 Constituent Services staff of Lutheran Hour Ministries to reflect the actual practices and procedures in place. The Vice President of Constituent Services of Lutheran Hour Ministries shall review the guidelines annually and approve any changes.

### **II. GENERAL GUIDELINES**

- A. All gifts that Lutheran Hour Ministries accepts shall conform to all applicable laws and regulations, especially those applying to nonprofit organizations and charitable giving.
- B. Lutheran Hour Ministries 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 Lutheran Hour Ministries shall receive serious consideration; however, the merits of a particular gift may sometimes require extensive evaluation by appropriate Lutheran Hour Ministries staff and, when necessary, outside advisors and the Board of Directors of Lutheran Hour Ministries.
- D. Gifts to Lutheran Hour Ministries 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. All gifts designated for endowment funds of Lutheran Hour Ministries will be transferred to the Lutheran Hour Ministries Foundation.
- F. 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.
- G. Generally, gifts to Lutheran Hour Ministries of \$10,000 or greater shall be documented by a written gift agreement. (Attachment 1)
- H. No gift shall be solicited unless it is for general operating support for Lutheran Hour Ministries, for endowment funds of the Lutheran Hour Ministries Foundation, or for programs, projects or capital projects that are approved by the Lutheran Hour Ministries President/CEO and the Board of Directors of Lutheran Hour Ministries.

### **III. OUTRIGHT GIFTS**

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

- A. Cash, Check, Credit Card, EFT
  - a. All gifts of cash shall be accepted.
  - b. Gifts by check, of one dollar or greater, shall be accepted. Checks shall be made payable to "Lutheran Hour Ministries" and mailed or otherwise delivered to Lutheran Hour Ministries, 660 Mason Ridge Center Drive, St. Louis, MO 63141.
  - c. 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.
  - d. Gifts by electronic funds transfer (EFT) shall be accepted. Donors shall provide financial institution's name, ABA routing number, and account number to initiate gift.
- B. Publicly Traded Securities
  - a. Gifts of publicly traded securities in negotiable form shall be accepted.
  - b. When the donor has possession of the actual stock certificate, the donor can:
    - i. Endorse the stock certificate on the back and hand deliver the stock certificate to Lutheran Hour Ministries.

- ii. Mail the unendorsed stock certificate to Lutheran Hour Ministries by registered mail and separately mail an executed stock power to Lutheran Hour Ministries.
    - iii. Take the stock certificate to a bank or brokerage house to be converted into an electronic transfer. Instructions are immediately below.
  - c. 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 account at its financial institution. Specific instructions for the transfer as well as the name and account number of Lutheran Hour Ministries' recipient account are available by contacting Gift Planning at 1-877-333-1963.
  - d. 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
- a. Gifts of closely held or non-publicly traded securities shall be accepted only after a favorable evaluation by Lutheran Hour Ministries staff and, when necessary, outside advisors. Prior to acceptance, the fair market value shall be determined and methods of liquidation shall be explored.
  - b. 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.
  - c. Lutheran Hour Ministries 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 Lutheran Hour Ministries Advancement staff and, when necessary, outside advisors.
- E. Life Insurance
- a. Lutheran Hour Ministries shall accept gifts of life insurance in the event that Lutheran Hour Ministries is named the owner and sole beneficiary of the gifted policy. Lutheran Hour Ministries 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.

- b. Lutheran Hour Ministries, 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 Lutheran Hour Ministries to pay the annual insurance premiums. Donors will be provided a receipt for tax purposes for gifts to pay the annual premium.
- c. Lutheran Hour Ministries 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 has an insurable interest in the donor's life.
- d. Lutheran Hour Ministries 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

See attachment two

#### G. Tangible Personal Property and Gifts in Kind

See attachment three

#### 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 Lutheran Hour Ministries staff 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 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

- a. Lutheran Hour Ministries encourages donors and other constituents to make bequests to Lutheran Hour Ministries through their wills, codicils to their wills, or their living trusts.
- b. 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 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.
- c. Lutheran Hour Ministries or an agent or employee of Lutheran Hour Ministries shall not serve as personal representative for the estate of a donor.

#### B. Charitable Gift Annuities

- a. As part of its planned giving program, Lutheran Hour Ministries shall offer charitable gift annuities in the states of California, New York, Illinois, and Wisconsin and in other states through the Lutheran Hour Ministries Foundation. Both immediate payment and deferred payment charitable gift annuities shall be offered.
- b. Lutheran Hour Ministries and 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.
- c. The minimum gift amount required to establish a charitable gift annuity shall be \$5,000.
- d. There shall be no more than two income beneficiaries per charitable gift annuity.
- e. Cash or publicly traded securities shall be the only acceptable contributions to establish a charitable gift annuity.
- f. Lutheran Hour Ministries shall make no representation that could be interpreted as marketing charitable gift annuities as an investment.
- g. Because of frequent changes in registration and regulations, the Gift Annuity Guidelines (Attachment 4) should be utilized.

#### C. Charitable Trusts

Lutheran Hour Ministries encourages donors to establish charitable trusts as a method of making a gift to Lutheran Hour Ministries. Lutheran Hour Ministries 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 shall not serve as trustee or co-trustee of a donor's charitable trust; however, Lutheran Hour Ministries 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 encourages donors to name Lutheran Hour Ministries 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.

#### 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 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.

### V. GIFT RECOGNITION PROGRAM

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 are stewarded through the efforts of the Ministry Advancement Officer team using a moves management process that is recorded in the donor database. Recognition is provided based upon the interests of the donor and the strategy developed through moves management.

#### 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 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 is responsible for stewardship of the gifts it receives from its donors. Lutheran Hour Ministries 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**

- a. All gifts shall be recorded and acknowledged by the Constituent Services Department. The VP of Constituent Services shall establish the acknowledgment process and acknowledgment thresholds.
- b. 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.
- c. The date of the gift for income tax purposes is the date that the gift is unconditionally delivered to Lutheran Hour Ministries.
- d. 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**

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

## **VII. ETHICS**

- A. Lutheran Hour Ministries 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 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 provides a prospective donor with financial, estate planning, or 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.
- D. All gifts to Lutheran Hour Ministries from a particular donor will be proposed, encouraged, and accepted in a form consistent with the known best interests of the donor.
- E. 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 5, 6, & 7)

### **ATTACHMENTS**

- 1. Gift Agreement
- 2. Real Estate Acceptance Policy
- 3. Personal Property and Gifts In-kind Acceptance Policy
- 4. Gift Annuity Guidelines
- 5. ALDE’s “Code of Ethical Principles and Practices”
- 6. AFP’s “Standards of Professional Practice”
- 7. NCPG’s “Model Standards of Practice for the Charitable Gift Planner”
- 8. Charitable Solicitation Policy of the Int’l Lutheran Laymen’s League dba Lutheran Hour Ministries

### **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.

**ATTACHMENT 1**

**Gift Agreement**

**Lutheran Hour Ministries**

This agreement is between (insert the name and address of the donor) hereinafter referred to as “Donor” and Lutheran Hour Ministries (also known as the International Lutheran Layman’s League), 660 Mason Ridge Center Drive, St. Louis, MO 63141-8557, hereinafter referred to as “Lutheran Hour Ministries”, a public charity described in section 501(c)(3) of the Internal Revenue Code.

The Donor wishes to make a financial contribution, hereinafter referred to as “Gift”, to Lutheran Hour Ministries and hereby irrevocably gives, conveys, and assigns (insert the amount and nature of the gift) to Lutheran Hour Ministries.

It is the Donor’s expressed desire that the Gift is to be used for the purpose of (insert a description of the intended use of the gift such as endowed fund, general operating support, particular program support). The Donor’s expressed desire with regard to the use of the Gift shall be respected and observed, unless the Board of Directors of Lutheran Hour Ministries determines that circumstances render it unnecessary, impractical, or impossible to comply with the Donor’s instructions.

The Gift may (may not) be commingled with other assets of Lutheran Hour Ministries.

The Gift shall be recognized and acknowledged in the following manner:

Donor’s Name, Date

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Lutheran Hour Ministries, Date

## ATTACHMENT 2

**LHM Holdings, Inc.**

### **Real Estate Gift Acceptance Policy**

*August 2010*

*Amended September 21, 2010*

*Amended March 24, 2011*

*EDITS – OCTOBER 23, 2017*

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Appendix D: Real Estate Gift Investment Guidelines

## LHM Holdings, Inc.

### Real Estate Gift Acceptance Policy

#### 1. Overview

1.1. Purpose. This policy sets forth the requirements and guidelines governing acceptance of real estate gifts by LHM Holdings, Inc. (LHMH). This policy does not set forth the requirements and guidelines relating to the post-gift sale of real estate. This policy:

1.1.1. Sets forth the policy aspects regarding the evaluation, approval and acceptance of proposed real estate gifts.

1.1.2. Establishes requirements for and restrictions on LHMH's acceptance of proposed real estate gifts;

1.1.3. Provides letters, forms and checklists to help assure timely communication with donors and meaningful evaluation of proposed real estate gifts;

1.1.4. Outlines the real estate evaluation, approval and acceptance-related responsibilities of Lutheran Hour Ministries (LHM) Staff;

1.1.5. Outlines the real estate gift accounting-related responsibilities of LHM Staff; and

1.1.6. Outlines the real estate gift investment-related responsibilities of the Board of Directors (BOD) or LHM Foundation Board of Trustees (BOT), and LHM Staff (as set forth in this policy).

1.2. Annual Review. This Real Estate Gift Acceptance Policy shall be reviewed annually by LHM Staff to ensure the relevance of its contents to donor relations and LHM's needs and focus.

1.3. Specific Real Estate Gift Requirements and Restrictions. The requirements and restrictions to be met in connection with LHM's approval and acceptance of a real estate gift are set forth in Appendix A.

1.4. Letters, Forms and Checklists. Letters, forms and checklists to help assure timely communication with donors and meaningful evaluation of proposed real estate gifts are set forth in the following Appendices:

1.4.1. Appendix B-1. Real Estate Gift Checklist.

1.4.2. Appendix B-2. Donor Inquiry Response Letter.

1.4.3. Appendix B-3. Real Estate Gift Application.

1.5. Real Estate Gift Evaluation, Approval and Responsibilities. Real estate gift evaluation, approval and acceptance-related responsibilities of LHM Staff are set forth in Section 2 below and in Appendices A and B-1.

1.6. Real Estate Gift Acceptance Accounting Guidelines. Real estate gift acceptance accounting-related responsibilities of LHM Staff are set forth in Appendix C.

1.7. Real Estate Gift Acceptance Investment Guidelines. Real estate gift acceptance investment related responsibilities of the BOD or BOT and LHM Staff are set forth in Appendix D.

## 2. Policy Aspects.

2.1. Donor Relations. The donor should receive regular communications while the proposed real estate is being evaluated. The donor should feel that the proposed gift is valued and appreciated. LHM Staff should be sensitive to the donor's desire to avoid excessive or piecemeal demands and expenses. For example, consideration should be given to deferring certain donor expenses (such as surveys, inspections, appraisals or environmental assessments) until the gift is tentatively approved based upon preliminary information. LHMH's approval of the gift may then be conditioned upon obtaining the additional satisfactory information at donor's cost prior to LHMH's acceptance of the gift.

2.2. 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.

2.3. Investment. Real estate gifts present unique risks and challenges. These risks and challenges are greater if the real estate is held as an asset in LHMH's portfolio. Accordingly, the policy is to sell the property as soon as practicable after the gift is received and is not to be a long-term owner or manager of gifted real estate, except in extraordinary circumstances as deemed appropriate by LHM leadership as defined in checklist.

2.4. Liens and Encumbrances. To the greatest extent possible, real estate gifts are to be free and clear of liens and encumbrances that adversely affect the property's marketability or that significantly increase the economic burden of the gift to LHMH. Exceptions may be made in extraordinary circumstances in consultation with LHM's Legal Counsel (hereafter "LC") in the event the gift shall be evaluated pursuant to the "bargain sale" tax rules on a case by case basis.

2.5. Pre-arranged Sales. LHMH shall not accept a real estate gift that is subject to sale, option, right of first refusal or other legal restriction on the property's transfer by LHM, except in extraordinary circumstances in consultation with LHMH's LC. The donor should cease any sale negotiations regarding real estate that is the subject of a potential gift to LHMH.

2.6. Gifts from Related Parties. The relationship between a donor (or a donor's family member) and LHM or LHMF is subject to additional scrutiny to help avoid adverse

consequences to both the donor and the ultimate beneficiary (for example, to avoid excise taxes under “excess benefit” tax rules). LHMH, in consultation with their LC, shall endeavor to minimize any additional inconvenience to the donor in such circumstances.

2.7. Testamentary Gifts. Testamentary gifts of real estate (that is, gifts upon the death of a person whether pursuant to a trust arrangement or to a probate proceeding) shall be evaluated for acceptance in the same manner and with the same considerations as if the donor were alive.

2.8. Donor’s Costs and Expenses. LHMH will not pay for the donor’s legal expenses, appraisals or other services, except in extraordinary circumstances with the approval of LHM leadership and LHM LC.

2.9. Qualified Appraisal. The donor(s) is responsible for obtaining a qualified appraisal (as defined under the IRS tax rules) to support the donor’s charitable deduction (for their own tax purposes). LHMH may undertake its own independent valuation analysis of the property for marketability and other purposes. The donor(s) should be made aware that their valuation for deduction purposes may differ from the sales price at which the property is sold by LHMH.

2.10. Revisions; Administrative Fees and Costs. LHM Staff and the BOD in consultation with the BOT may, from time to time, revise this Real Estate Gift Acceptance Policy, including instituting provisions for an “acceptance fee” payable by donors to help defray LHM’s costs incurred in evaluating, approving and accepting the gift.

## Appendix A

### Real Estate Gift Approval and Acceptance

This Appendix sets forth the requirements and restrictions to be met in connection with LHMH’s approval and acceptance of a gift of real estate.

1. Minimum Transfer Value. The real estate shall have a minimum value of \$15,000 as determined by appraisal or market analysis.
2. Donor Ownership Interest. The donor shall own 100% of the real estate in fee simple immediately prior to the gift unless waived as an exception with consultation with LHM LC.
3. LHM Checklist. The Real Estate Gift Checklist (Appendix B-1) shall have been completed and filed in LHMH records.
4. Letter to Donor. The Donor Inquiry Response Letter (Appendix B-2) shall have been delivered to the donor.
5. Donor’s Real Estate Gift Application. The Real Estate Gift Application (Appendix B-3) shall have been completed by the donor and delivered to the office of the VP of Constituent Services, along with appropriate documentation.

6. Evaluation. Other aspects of LHMH's Real Estate Gift Acceptance Policy shall have been considered and satisfied prior to approval and acceptance of the gift.

7. Approval; Authorized LHM Representatives. Only certain Authorized LHMH Representatives (as identified in this section) may approve a real estate gift.

(a) Real Estate Value less than \$250,000. If the property is determined to be marketable for a price less than \$250,000 and no extraordinary circumstances exist, the proposed gift must be approved by the VP, Constituent Services (hereafter "VPCS"). If extraordinary circumstances exist (as defined in subsection (c) below), the acceptance of real estate must be approved by the Chief Operating Officer (hereafter "COO") and/or the Chief Financial Officer (hereafter "CFO"), in consultation with the DMA. An LHM officer may, at his or her discretion, first present the proposed gift plan to the BOD or BOT for its review and approval.

(b) Real Estate Value \$250,000 or More. If the property is determined to be marketable for a price of \$250,000 or more, the potential gift as planned shall be approved by LHM's President/CEO (hereafter "CEO"), COO, and CFO at the recommendation of the DMA.

(c) Extraordinary Circumstances. Extraordinary circumstances for purposes of this section means any one or more of the following items that the COO, CFO and/or the VPCS presents to the CEO as likely to be involved with the real estate gift:

- (i) LHM's management of property as a landlord (excluding farm crop leases);
- (ii) A marketing period of more than twelve months to sell the property;
- (iii) An aggregate net cash burden to LHM of greater than 5% of the property's value (excluding LHM legal fees and realtor commissions);
- (iv) Liens or encumbrances remaining after LHMH's receipt of the property (other than accrued and unpaid real estate taxes and homeowner's association assessments and encumbrances that do not adversely affect the property's marketability);
- (v) A donor's close connections to LHM that may trigger potentially adverse tax consequences to the donor or to LHM if the gift is not made properly; and
- (vi) A "pre-arranged" sale, option, right of first refusal, or other restriction that is placed on LHMH's sale of the property or that may potentially

trigger adverse tax consequences to the donor or to LHMH if the gift is not made properly.

8. Authorized LHM Representatives; Subsequent Sale. Upon the commencement of the plan to receive a property gift, LHM's CEO is authorized to sign any and all other documents, and to take such further actions, as may be necessary or appropriate to complete the real estate gift transaction in a manner that is consistent with the provisions of the Gift Acceptance Policy. This authorization shall not extend to the marketing or sale of the real estate on LHM's behalf. Any subsequent marketing or sale is subject to LHMH's Sale of Real Estate Policy (if no such policy exists, then the COO and CFO in consultation with LHM LC shall establish the authority and parameters of any subsequent marketing and sale of the real estate).

## Appendix B-1

### Real Estate Gift Checklist

This Appendix sets forth the actions and investigations to be taken in connection with the evaluation, approval and acceptance of a proposed real estate gift. Some of the actions may be taken on more than one occasion. For example, a donor may be contacted for additional information from time to time as the need arises.

Some of LHMH's evaluative actions do not need to be taken in the order presented. For example, it may be appropriate to order further physical inspections of the property pending receipt and review of a title commitment. Also, it may be desirable in some instances to visit the property with a real estate broker who is performing a market analysis of the property.

A file shall be maintained at LHM's offices for each proposed real estate gift. All correspondence, internal memoranda, conversation notes and documents relating to the proposed gift shall be kept in that file. An explanation of each action taken, or of a decision to take no further action, shall also be included in the file.

Given the unique nature of real estate and the varying circumstances of each gift, the checklist below is not intended to be exhaustive and the COO or CFO is given discretion to evaluate the property in a manner that is in the best interests of LHM to take action in a different order or eliminate specific steps that are deemed inappropriate. For example, the title commitment may be ordered prior to receiving a market analysis of the property if the COO or CFO has no reason to believe that the property is not marketable.

Note: In any case, a Staff person on this checklist may designate another member of the Staff to take the appropriate action. Please reference Appendix A (7a) regarding approvals of real estate valued less than \$250,000.

Legend – Responsible Persons	
D	Donor
CEO	LHM Chief Executive Officer
COO	Chief Operating Officer
LC	LHM Legal Counsel
VP	VP, Constituent Services
CFO	Chief Financial Officer
MAO	Ministry Advancement Officer
GPA	Gift Plan Analyst

Action	Responsible Person	Date Completed	Initials of FR logging action
1. Deliver Donor Inquiry Response Letter (Appendix B-2) to potential donor, along with Real Estate Gift Application (Appendix B-3).	VPCS	_____	_____
2. Encourage donor to consult with their legal and/or financial advisor.	VPCS or MAO	_____	_____
3. Review completed Real Estate Gift Application (and related documents) received from donor and note further questions and areas to investigate. If no additional questions, then note such in the file.	COO	_____	_____
	CFO	_____	_____
	VPCS	_____	_____
	GPA	_____	_____
4. Visit the property to confirm the information provided on the Real Estate Gift Application (“Application”), to determine whether any potential problems exist that are not identified on the Application and to assess the scope of any problem identified on the Application. Note observations about the property and recommend whether an independent inspection (whether mechanical, structural, electrical, plumbing or environmental) is recommended.	VPCS or GPA	_____	_____

<p><b>5. Obtain a market analysis of the property from one or two real estate brokers in the market where the property is located (Two market analyses shall be required if the expected sales price of the property is at least \$250,000). The market analysis shall identify current zoning, recent sales history of comparable local properties, a suggested listing price, an expected sales price and the period the property is estimated to be on the market before sale. The CFO or COO shall identify the broker(s) and, in the VPCS discretion, may provide each broker with a copy of the Application.</b></p> <p>COO or CFO identification of real estate broker(s):</p> <p>Broker #1: _____</p> <p>Broker #2: _____ (if applicable)</p> <p>Contact and order Market Analysis from:</p> <p>Broker #1</p> <p>Broker #2 (if applicable)</p> <p>Receive and review market analysis from:</p> <p>Broker #1</p> <p>Broker #2 (if applicable)</p> <p><b>6. If it appears that the real estate gift is marketable (or is to be retained as an investment asset or for use by LHMH), direct LHM's</b></p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
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<p>LC to order a title commitment in the minimum amount of insurance.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>7.</b> Order the title commitment in the minimum amount of insurance from a nationally recognized underwriter with offices in the county in which the real estate is located. Order a copy of each of the exception documents.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>8.</b> Review the title commitment and each of the exception documents. Deliver the same to LHM’s VPCS, CEO, and COO, along with a preliminary title opinion regarding the suitability of title (based upon the title commitment and exception documents) for LHM purposes.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>9.</b> Determine whether further inspection of or information about the real estate is needed (including a Phase I environmental assessment or Phase II environmental testing of the property).</p>	<p>LC</p>	<p>_____</p>	<p>_____</p>
<p><b>10.</b> If additional costs of evaluating the real estate are indicated, consider whether to contact the donor about paying such costs. Consider whether extraordinary circumstances are involved (see Appendix B-1). Consider whether to review the current status of the gift evaluation with LHM’s CEO. Consider consultation with LHM’s LC about extraordinary circumstances and potential terms and conditions of LHM’s approval and acceptance.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>11.</b> If appropriate, contact the donor about paying additional evaluative costs and about any tentative conditions for approval or acceptance of the gift. Determine whether the donor is willing to satisfy such conditions or whether some other arrangement can be reached. For example, whether the donor is willing to pay real estate taxes that are accrued through the date of the gift and whether a related cash gift is required to fund any ongoing expenses pending LHM’s sale of the property.</p>	<p>VPCS CEO COO/ CFO</p>	<p>_____</p>	<p>_____</p>

<p><b>12.</b> Order additional inspections, if needed (if donor has agreed to pay, also make appropriate payment arrangements).</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>13.</b> Evaluate additional inspection results, if any.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>14.</b> Determine the final terms and conditions for the gift acceptance. Consider making satisfactory inspections, environmental assessments, and surveys, as well as to be paid by the donor (instead of asking the donor to pay for these items on a piecemeal basis). As appropriate consult with LC.</p>	<p>VPCS</p>	<p>_____</p>	<p>_____</p>
<p><b>15.</b> Coordinate legal transfer of the real estate, including satisfaction of all terms and conditions of acceptance.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b><u>After transfer of the property to LHM:</u></b></p>			
<p><b>16.</b> Record the gift in LHM's accounting records.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>17.</b> Add the property to LHM's property and casualty insurance. (This should be arranged prior to the transfer so the coverage exists immediately upon the transfer.)</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>

<p><b>18.</b> If allowable by the donor, give donor public recognition for the gift.</p>	<p>VPCS or GPA</p>	<p>_____</p>	<p>_____</p>
<p><b>19.</b> If applicable, take steps necessary to market or sell the property pursuant to LHMH's Sale of Real Estate Policy.</p>	<p>CFO</p>	<p>_____</p>	<p>_____</p>
<p><b>20.</b> If property is held for use by LHMH, consider applying for real estate tax exemption.</p>	<p>COO or CFO</p>	<p>_____</p>	<p>_____</p>

## Appendix B-2

### Donor Inquiry Response Letter

[On LHM Letterhead]

DATE

Donor Name

Address

City, ST 12345

Dear [Name(s) of Donor(s)],

Thank you for your interest in using real estate to fund a gift to benefit Lutheran Hour Ministries (LHM) or Lutheran Hour Ministries Foundation through LHM Holdings, Inc. The unique nature of real estate makes a thorough review necessary in order for a gift to be accepted. We promise to make the process run as smoothly as we possibly can, but working with real estate generally requires a little more time than other types of gifts. Please bear in mind that throughout the process we may request additional information from you in connection with the gift.

As a general rule, we only accept real estate that has no liens, mortgages, or encumbrances. Any real estate given to LHMH should reasonably be expected to be able to be sold within twelve (12) months of transfer of ownership. Your gift is subject to certain rules and restrictions of LHMH or the Internal Revenue Service governing the acceptance of real estate. We generally cannot accept property that is subject to a pre-arranged sale, option, right of first refusal or another potential restriction. Please consult your legal advisor and/or tax preparer about how a real estate gift affects your unique situation before making a gift of real estate.

Before we can work to establish whether your real estate makes good sense to use as a gift to LHMH, we need some basic information from you about the property. To help us gather this info, please fill out the enclosed Real Estate Gift Application. Upon receipt of the returned application, LHMH will be able to begin the process of evaluating your real estate and determining any additional information that might be necessary. The length of time required and the depth of our evaluation may vary dramatically from property to property, but generally the evaluation process takes at least one month.

Donor is responsible for obtaining a qualified appraisal complying with Treasury Regulations to substantiate the value of your gift for federal income tax purposes, including the preparation of IRS Form 8283 (“Non-cash Charitable Contributions”). Our sale of the property may be for a fair market value price that is different than your appraisal value (for example,

differences may be attributable to changing market conditions). Other costs such as a property survey, real estate taxes pro-rated up to the date of the property transfer and maintenance expenses are also the responsibility of the donor.

Once our evaluation is completed, we will contact you with our expectations for approval or disapproval of the real estate as a gift to LHMH. Our approval may have additional actions that need to be taken before the gift can be accepted. Our terms and conditions are guided by the LHMH Real Estate Gift Acceptance Policy. We can provide an Executive Summary of this policy at your request. Again, remember that each situation is unique, and that you should consult your legal counsel and/or tax preparer in connection with any real estate gift. Your patience and understanding during our evaluation process is appreciated. Please feel free to contact us with any questions.

On His Mission,

Enclosures: Real Estate Gift Application

**Lutheran Hour Ministries Foundation**

**Real Estate Gift Application**

Please complete, date, sign and return this Application, along with complete copies of requested documents to:

VP, Constituent Services  
Lutheran Hour Ministries  
600 Mason Ridge Center Drive  
St. Louis, MO 63141-8557

Please continue any explanations on an attached sheet of paper if there is not sufficient room on this Application.

<i>DONOR INFORMATION</i>		
Donor Legal Name(s) and Social Security Number(s):		
Residential Address:		
Telephone (home):	Telephone (business):	Fax:
E-mail address::		

<i>GENERAL PROPERTY INFORMATION</i>		
Property Address:	County:	State:
Directions from nearest City, Town or Village:		

Ownership:	<input type="checkbox"/> Sole	<input type="checkbox"/> Multiple	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Type:	<input type="checkbox"/>	<input type="checkbox"/> Vacant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Apartment	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/> Coop	<input type="checkbox"/>	<input type="checkbox"/> Other:		
Approximate Value, Size or Acreage, and Dimensions of the Property:						
Improvements (Residence, Buildings, Garage, Swimming Pool, Tennis Court, Roads, etc.) and Approximate Age of Each:						
Utilities, Services and Systems:	<input type="checkbox"/> City	<input type="checkbox"/> Well	<input type="checkbox"/> Sewer	<input type="checkbox"/> Septic	<input type="checkbox"/> Natural	<input type="checkbox"/> Propane
	<input type="checkbox"/> Electricity	<input type="checkbox"/> Gas	<input type="checkbox"/> Electric	<input type="checkbox"/> Air	<input type="checkbox"/> Other:	
Description of Amount and Frequency of Recurring Fees and Assessments, if any (Homeowner's Association, Condominium Association, Lake, Common Road Maintenance, etc.):						
Description of All Known Insurance Claims, if any, Regarding the Property and Approximate Date of Each:						
Description of Past, Current or Potential Lawsuits or Claims, if any, Regarding the Property, and the Approximate Date and Current Status of Each:						
Is the property located in a municipality (city, village or town)?				<input type="checkbox"/> Yes	<input type="checkbox"/> No	
If so, which municipality:						
Is the property currently or expected to be subject to annexation or condemnation? If so, please describe.				<input type="checkbox"/> Yes	<input type="checkbox"/> No	

Is the property subject to any agreement with any person granting that person a right to purchase or use the property (for example, pursuant to a contract, option, right of first refusal, easement, hunting or fishing agreement, lease or other understanding)? If so, please identify the person and the nature of the understanding:

How is the property zoned? Please describe current zoning violations, if any. Please describe applicable zoning variances and permits, if any.

**GENERAL DISCLOSURES**

Please indicate whether **you are aware of or believe that any of the following conditions or statements apply or may apply to any or all of the property.** Please provide an explanation on an attached sheet of paper for each item to which a “yes” answer is made. Please also attach any related documentation that is relevant to your explanation.

**Section 1 – Unimproved Property (land)**

1. Lake, pond or waterway on or next to the property.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
2. Unsafe conditions in the drinking water.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
3. Mine subsidence, underground pits, settlement, sliding, upheaval or other earth stability defects.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
4. Past or current presence of fuel storage tanks (whether above ground or underground).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
5. Past or current boundary or lot line disputes.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
6. Past or current disputes about access to or across the property.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
7. Past or current disputes about use of the property (whether easement, trespass, unauthorized hunting or other use).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
8. Any violation of federal, state or local laws relating to the property itself or to any use on or about the property.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
9. Any evidence of stressed soil or vegetation (different coloration, stunted growth, bare spots, etc.).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
10. Past or current use of the property or adjacent properties for a landfill or as part of a mining operation (including undermining of the property).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
11. Any possible sources of spilled oil, gasoline, solvents or other chemicals on the property or adjacent properties.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
12. Any endangered plants or wildlife on the property or adjacent properties.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
13. Any poor or undesirable drainage on or to the property.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
14. Any person other than yourself using or occupying the property (whether authorized or unauthorized).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
15. All licenses and permits necessary for the conduct of current activities on the property have been obtained and are in-force.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
16. Past or current presence of lead (including lead paint, lead water pipes, lead plumbing pipes and lead in the soil).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

17. Past or current presence of transformers or capacitors containing PCBs.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
18. Any past or current activities on the property or at adjacent businesses or <u>properties that could pose potential environmental risks.</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
19. Any chemicals, oils, paints, solvents or fuels used on the property or <u>adjacent properties.</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
20. Any barrels, drums, fragments, paint cans, abandoned vehicles, trash or <u>debris accumulations or other waste dumping on the property or adjacent</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
21. Any oil wells, oil storage facilities or salt water use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
22. Any historical or architectural significance regarding the property or <u>adjoining properties</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
23. Any archeological significance regarding the property or adjacent <u>properties (including American Indian camps and burial grounds.</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
24. Are you aware of any other information concerning or relating to any use or part of the property (including its buildings, roads and other improvements) that might (a) affect the decision of a buyer, (b) adversely affect the property's value or (c) be a potential obligation or liability of the Lutheran Hour Ministries	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Explanation of "yes" answers to the above items:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Section 2 – Improved Property (buildings)</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
25. Flooding or recurring leakage in basement or crawlspace.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
26. Location in or near a flood plain, wetland or sensitive ecological area.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
27. <u>Defects in the basement.</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
28. Leaks or defects in the roof, ceilings or chimney.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
29. Defects in the walls or floors	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
30. Defects in the electrical system.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
31. Defects in the plumbing system (including water heater, sump pump, water <u>treatment system, sprinkler system and swimming pool).</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
32. Defects in the well or well system	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
33. Defects in the heating, air conditioning or ventilating systems.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
34. Defects in the fireplace or wood burning stove.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
35. Defects in the septic, sanitary sewer or other disposal system.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
36. Past or current presence of asbestos or products containing asbestos.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
37. Past or current presence of lead (including lead paint, lead water pipes, lead plumbing pipes and lead in the soil.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
38. Past or current infestations or presence of termites, other wood boring insects, ladybugs or other insects or animals.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

39. Structural defects (whether due to termites or other cause).	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
40. Past or current presence of formaldehyde-based insulation N/A	<input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Explanation of “yes” answers to the above items:

**DOCUMENT REQUEST**

Please provide a **complete and legible copy of each of the documents requested below that relates to or affects the property or activities conducted on the property.** Some of the documents requested may not exist or apply to your property. Others may exist (such as certain recorded easements), but are not readily available to you. At this time, please provide to us only the documents that currently exist and are readily available to you.

1. The deed by which you received the property (or other conveyance document, such as a Notice of Probate and Release of Estate’s Interest).	<input type="checkbox"/>
2. If you later sold or transferred part of the property identified on the deed in Item 1, then please provide a copy of each deed relating to each such subsequent sale or transfer.	<input type="checkbox"/>
3. Most recent real estate tax bill and any subsequent Notice of Assessment.	<input type="checkbox"/>
4. Most recent title insurance policy (or abstract if a title insurance policy is not available).	<input type="checkbox"/>
5. Surveys and plats (preferably also identifying all structures and easements)	<input type="checkbox"/>
6. Covenants and Restrictions	<input type="checkbox"/>
7. Easements	<input type="checkbox"/>
8. Licenses	<input type="checkbox"/>
9. Options to Purchase, Sell or Lease	<input type="checkbox"/>
10. Rights of First Refusal	<input type="checkbox"/>
11. Leases	<input type="checkbox"/>
12. Other agreements affecting possession or use of the property.	<input type="checkbox"/>
13. Notices of violations federal, state or local laws, statutes, regulations, rules and ordinances that have not been resolved.	<input type="checkbox"/>

14. Annexation agreement.	<input type="checkbox"/>
15. Condemnation documents.	<input type="checkbox"/>
16. Past inspection reports of any kind (including structural, termite, radon and mechanical).	<input type="checkbox"/>
17. Environmental Reports and Notices (including Phase I, Phase II and Phase III environmental reports)	<input type="checkbox"/>
18. Permits and business licenses.	<input type="checkbox"/>
19. Historical register designation, historical renovation grants and other documents relating to the property's recognized historical significance.	<input type="checkbox"/>
21. Archeological studies (whether by private entities, educational institutions or governmental agencies).	<input type="checkbox"/>
22. Mortgages or other security interests.	<input type="checkbox"/>
23. Judgment liens.	<input type="checkbox"/>
24. Management and Vendor Contracts.	<input type="checkbox"/>
25. Most recent appraisal or market analysis of the property.	<input type="checkbox"/>
26. Most recent 12 months electricity, gas, and water bills.	<input type="checkbox"/>
27. Most recent insurance premium bill.	<input type="checkbox"/>
28. All other agreements and contracts relating to the property not requested above (if oral, then please explain the terms and conditions of the agreement).	<input type="checkbox"/>
29. Any other documents not requested above that concern or relate to any use or part of the property (including its buildings, roads and other improvements) that might (a) affect the decision of a buyer, (b) adversely affect the property's value, (c) be of relevance to LHM in its evaluation whether to accept the property or (d) become a potential obligation or liability of LHM.	<input type="checkbox"/>

*DONOR WISHES*

Please describe the use or recognition you desire in connection with your gift of the property:

The undersigned owner(s) hereby acknowledge that the information provided by the undersigned in this Real Estate Gift Application is true, complete and accurate to the best of the undersigned's knowledge and belief.

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Appendix C

## **Real Estate Gift Accounting Guidelines**

This Appendix sets forth the guidelines for accounting for real estate gifts.

1. **Receipt of Transferred Property.** After closing, IRS Form 8283, Non-cash Charitable Contributions, and the related Qualified Appraisal shall be delivered to the CFO, along with a copy of the donor's signed deed.
2. **Gift Acknowledgement.** The VPCS or his or her designee shall cause a gift acknowledgement to be timely delivered to the donor and shall cause public recognition of the gift to be made pursuant to the donor's wishes
3. **Accounting for the Transferred Real Estate.** The CFO shall cause the transferred property to be recorded in LHM's accounting records in compliance with generally accepted accounting principles.
4. **Internal Recognition and Use of the Real Estate.** LHMH or the intended ultimate beneficiary, LHM or LHMF is entitled to recognize the amount of the donor's charitable deduction (as evidenced by the donor's IRS Form 8283 qualified appraisal), according to its practices and its Real Estate Gift Acceptance Policy when the transferred property is received by LHMH. However, if the real estate is to be sold (and not held as an investment), the amount will not be available for expenditure for the purposes of LHM or LHMF until the real estate is sold. At that time, the amount available for expenditure shall be the net sales proceeds as determined by LHMH under the direction of the CFO. If the real estate is to be held as an investment, the income generated shall be available for expenditure only in such amounts and at such times as determined by LHMH.

### Appendix D

## **Real Estate Gift Investment Guidelines**

This Appendix sets forth the authority, responsibilities, operating policies and procedures of LHM Finance Department, Investment Managers and other providers retained by LHM's CFO to assist with asset management.

1. **Nature of Real Estate Gifts.** Real estate gifts are expected to be either (a) sold, (b) retained as an income producing investment asset or (c) held for use by LHMH.
2. **Revision to Existing Investment Policy from Time to Time.** The CFO shall communicate and coordinate with the Vice President, Constituent Services from time to time to revise LHM's Investment Policy to specifically address and make provisions for the unique sale, investment,

or use requirements of specific real estate gifts to meet LHMH's expectations regarding the real estate.

Income producing real estate held for sale or as an investment by LHMH presents unique risks and challenges. It is recommended that the Finance Department establish specific investment policies and procedures for LHMH's income producing real estate.

## **ATTACHMENT 3**

### **Lutheran Hour Ministries Personal Property Gifts & Gifts-In-Kind Acceptance Policy**

*Adopted - August 27, 2014*

*Edited – October 23, 2017*

#### **Tangible Personal Gifts**

Non-real estate personal property may be given to Lutheran Hour Ministries (hereafter, “LHM”). However, all potential personal property gifts of \$5,000 or more must be reviewed for acceptance or refusal of the gift according to the following policy statements by the President/CEO (hereafter, “CEO”) or the Chief Operating Officer (hereafter, “COO”) in consultation with the Vice President, Constituent Services (hereafter, “VPCS”). At times, as referenced in this policy, the Legal Council (hereafter “LC”) for the International Lutheran Laymen’s League d/b/a Lutheran Hour Ministries may be consulted. The CEO may choose to take the action of acceptance or refusal to the International Lutheran Laymen’s League Board of Directors (hereafter, “Board”) or its Chairman (“Chair”) or, as assigned by the Chairman.

The guiding principles of this policy is that LHM will accept personal property gifts which (1) are items that are needed or useful in order to carry out the LHM vision and mission, as well as the goals of the department or program interested in receiving the gift; (2) can be liquidated quickly if the specific item is not needed by the LHM to achieve its mission; and (3) do not require the commitment of unreasonable or excessive additional resources of the LHM.

Outright gifts of tangible personal property including fine and decorative arts, architectural ornament, archaeological artifacts, natural history specimens, historically significant objects, motor vehicles, boats, machinery, equipment, furniture, clothing, musical instruments, books, journals, documents, manuscripts and collections (coins, stamps and special collectibles) for which donors qualify for a charitable gift deduction under current Internal Revenue Service rules will be credited, recognized and/or commemorated at the appraised value of the property at the time it is transferred to the LHM, less any encumbrances under the following guidelines:

1. Unless otherwise authorized by the CEO or the COO, such tangible personal property will be sold in order to support the mission of LHM. However, if an asset with an anticipated value of at least \$5,000 is to be sold, authorization by the CEO, COO or designee for selling the asset will be required. Any such gifts anticipated to exceed \$5,000 in value shall be reported at the fair market value placed on them by an independent expert appraiser at the time the donor transfers the asset to LHM. The donor of the property is responsible for providing the appraisal.

As authorized by its COO or designee, LHM may procure an additional independent appraisal. The Vice President, Constituent Services may authorize the liquidation of assets with a market value less than \$5,000.

2. Factors that will be taken into consideration by the LHM before accepting gifts of tangible personal property include (a) transportation and storage costs; (b) associated useful life and relevance and usefulness of items (according to the above policy); (c) expected marketability of and cost and effort incurred in selling items; (d) cost of insurance; and (e) anticipated repairs and maintenance.

3. LHM may choose not to accept gifts of tangible personal property if such gifts are to be made on condition, understanding, or expectation that the donated items will belong to the donor or the persons designated by the donor for life or an extended period of time as determined by the donor.

4. Although it is not legally required, it shall be the practice of LHM to request a Letter/Deed of Gift (see enclosed sample of Deed of Gift and cover letter in addendum A & B). A Letter/Deed of Gift is a written instrument, which states that the owner transfers ownership of the property for the purpose of making a gift. This document can prove useful for many purposes. For example, after the donor's death, it can be used to establish that the donor intended the item to be a gift as opposed to a loan. When a married couple or family is involved, spouses and/or other family members may be asked to sign the Letter/Deed of Gift. In cases of a donation of tangible personal property where ownership is governed by title registration (such as an automobile), LHM will only accept the gift with a valid title.

5. The CEO or COO, in consultation with the VPCS and/or LC, at the time a gift is offered, shall (a) seek to establish the validity of the assertion of ownership and the existence of any competing claims, and (b) seek to establish the status of any and all copyright, royalty or other interests subsisting in the objects and establish the conveyance of interests to LHM or the public domain.

6. Process based on established or potential value of collection object or personal property gift:

- a. Less than \$20,000: The VPCS, in consultation with the COO, will accept or refuse the gift.
- b. \$20,000 to \$100,000: The COO with the advice and consent of the VPCS will accept or refuse the proposed gift within the other provisions of this policy.
- c. \$100,000 or more: For proposed personal property gifts or gifts-in-kind, acceptance is contingent upon the approval of the CEO and the COO based upon the recommendation of the VPCS.

7. It is in the interest of LHM to accept objects for which complete ownership is transferred. On a case-by-case basis, consideration may be given to accepting partial interest in

certain personal property. In such cases, donors may be required to enter into a gift agreement concerning the eventual transfer and disposition of the remaining interest in the object(s). LHM may further require that the donor agree to not transfer, partition or sell the remaining interest without the knowledge and consent of LHM.

8. LHM will not knowingly or willingly accept any objects brought into this country in violation of the 1970 UNESCO Convention on Cultural Property as ratified by the United States of America as Title III of Public Law 97-446. Furthermore, LHM shall, to the best of its ability, follow the guidelines and principles set forth in the 1995 UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects.

9. LHM will not accept any tangible objects without clear title or proof of ownership.

10. In accepting gifts of tangible personal property whether the objects are intended for the permanent collections, study collections or development collections, LHM shall abide by the provisions of all applicable federal and state laws and regulations including but not limited to the following:

- o Antiquities Act of 1906
- o Archaeological Resources Protection Act of 1966
- o Native American Graves Protection and Repatriation Act of 1990
- o Lacey Act
- o Convention on International Trade in Endangered Species of Flora and Fauna (CITES)
- o Endangered Species Act
- o Marine Mammal Protection Act
- o Migratory Bird Treaty Act
- o Bald and Golden Eagle Protection Act
- o The Wild Exotic Bird Conservation Act
- o African Elephant Conservation Act
- o Antarctic Conservation Act

### **Gifts-in-Kind**

Gifts-in-kind, which usually are gifts from companies, corporations and vendors, are generally defined as non-cash donations. Such in-kind donations include gifts of materials or long-lived assets that are directly related to the mission of the institution should be reported at Fair Market Value.

Such gift-in-kind items may include equipment, software, software licenses, printed materials, food or other items used for hosting dinners, etc.

### **Value of Gift**

For all gifts-in-kind, especially items such as equipment and software, the reported amount should be based on the value that LHM would have paid had it purchased the item outright from the vendor.

### **Royalties**

When LHM receives royalties from properties that are not owned by LHM (such as patents) — or from property that could not be valued and thus was not counted at the time of the gift — the income should be counted and reported as income each time the payment is received. No pledge can be entered in anticipation of such payments, as there is no guarantee of the amount or continuation of the income stream. Royalties from vendor affinity agreements, such as alumni credit card programs, are exchange transactions and are not countable.

### **Gifts of Gas, Oil or Mineral Rights**

LHM's ownership of gas, oil or mineral rights should be counted and reported at the readily determinable fair (market) value. Alternatively, if the fair market value is not known and cannot be readily determined, LHM will report the asset in the year the value becomes known. For gifts of royalties from facilities not owned by the institution, only the amount received each year will be reported.

### **Services**

The value of a person's or organization's service is NOT considered a charitable contribution and is not countable as a gift.

### **Gifts of Inventory**

Special federal tax rules govern charitable contributions of items of inventory of a corporation. The term "inventory" means property that is stock in trade or business enterprise, held for sale to customers. When the property is sold, the resulting income is ordinary income.

When LHM receives property from a corporation out of its inventory, the amount of the corporation's gift deduction is confined to the corporation's cost basis in the property, not the current retail value. That is, the amount that might otherwise be a charitable deduction must be reduced by the amount of the ordinary income that would have resulted if the corporations sold the item(s). In general, a contribution will not qualify for a charitable deduction if the donating corporation requires or receives any money, property or services for the transfer of the contributed property.

For additional information on taxation of inventory gifts, see *The Law of Charitable Giving*, Bruce Hopkins, 3rd edition.

## **Intangible Personal Property Gifts**

Gifts of intangible personal property, other than closely held business interests and life insurance which are covered under other sections of this policy, will follow the same process for approval of tangible personal property. The COO, in consultation with the CFO and the VPCS, may require additional documentation and review to protect the interests of LHM.

### **ADDENDUM A**

#### Letter to Prospective Donor of Personal Property Gift

Date

Name

Address

Dear ,

As we discussed in our phone conversation and subsequent correspondence, we are interested in accepting your proposed donation of

I have enclosed a copy of our standard Deed of Gift for your examination, approval and completion. The Deed of Gift is essential to the process of accepting your property.

Normally, unless otherwise arranged, the gift may be shipped to the Lutheran Hour Ministries, 660 Mason Ridge Center Drive, Saint Louis, MO 63141-8557. We understand that you may have the item(s) conveyed in several different ways at your expense. However, if you wish to discuss the delivery of your gift, please give me a call.

It is our intention to sell your property with the proceeds used for God's Mission. International Lutheran Laymen's League d/b/a Lutheran Hour Ministries is recognized as a tax-exempt organization.

Since I do not know how familiar you are with non-cash charitable contributions, I am enclosing copies of the IRS 8283 Form and the accompanying instructions. Typically, the 8283 Form is initiated by your appraiser and forwarded to us as the "donee institution," in this case, Lutheran Laymen's League, for signature along with a copy of the appraisal for our records. In keeping with our practices, the CEO or the Chief Operating Officer of Lutheran Hour Ministries will sign the IRS 8283 Form in the donee acknowledgement section.

There are a few items of information that we will need from you as we proceed with this donation:

- 1) How would you like to have the gift recognized – as a joint gift, as a memorial, etc.?
- 2) Would you have any objections to the possibility that we would recognize this gift through our own publications or via a news release?

We appreciate your interest in Bringing Christ to the Nations — and the Nations to the Church, the mission of Lutheran Hour Ministries.

Sincerely

**ADDENDUM B**

**DEED OF GIFT**

I, \_\_\_\_\_, residing at \_\_\_\_\_  
being the sole and absolute owner of the following property, do hereby give, assign, and transfer to the International Lutheran Laymen’s League d/b/a Lutheran Hour Ministries, its successors or assigns, all rights, titles and interests in and to said property absolutely and forever. It is my intention that the gift of the object(s) described below shall be to the benefit of the mission of Lutheran Hour Ministries.

Description of property I am giving:

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[ ] In place of written description, a document describing the property is attached.

IN WITNESS WHEREOF, I hereto set my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
PRINTED NAME(s)  
\_\_\_\_\_

*Signature*

The above described object(s) is accepted by me on behalf of the Lutheran Hour Ministries on this

\_\_\_\_\_ Day of \_\_\_\_\_ 20\_\_\_\_

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PRINTED NAME of authorized staff member of Lutheran Hour  
Ministries

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*Signature of authorized staff member of Lutheran Hour  
Ministries*

## ATTACHMENT 4

### **Gift Annuity Guidelines**

Key Guidelines to establishment of GA's:

- Our preference is to utilize our own GA program first.
- If a donor has existing GA's with the LCMS Foundation and specifically requests to continue additional gifts through the LCMS Foundation, we will honor their interests.
- If a donor completes an LCMS Foundation GA form in a state that we offer GA's through the LHM Foundation, the donor should be contacted to see if they will allow the GA to be established through the LHM Foundation (it is to the donor's benefit and LHM to establish GA's for LHM through our program).
- GA's through the LHM Foundation can only be for LHM programs (Lutheran Hour, LHM, International, Endowment, etc.). Any GA's that want to support a split beneficiary (such as 50% LHM, 50% LCMS World Mission) cannot be through the LHM Foundation. The option would be to establish 2 GA's (one for LHM through the LHM Foundation, and one through the LCMS Foundation for LCMS World Mission), -or- Establish one GA through the LCMS Foundation.
- Our minimum GA (for one or two life) is \$5,000.
- Because of different GA pools, special care is needed in establishing GA's by electronic transfer (DTC), both in knowing the security and number of shares transferred BEFORE transfer, and the correct account number to transfer to.
- LHM issues GA's through several different means (LHM, the International Lutheran Laymen's League, The LHM Foundation, and the LCMS Foundation) thus diligence to make sure they are established correctly is essential – and is the responsibility of the Gift Planning Counselor.
- The list of states in which we are allowed to issue GA's will change quickly, so check often for the most updated list.

## **ATTACHMENT 5**

### **Association of Lutheran Development Executives**

#### **Code of Ethical Principles and Practices**

Members of the Association of Lutheran Development Executives will:

1. Seek to serve Christ faithfully and hold His name as supreme
2. Work for the best interest of the donor
3. Strive to model and promote the concept of Christian stewardship among donors and ALDE professionals
4. Portray accurately the institutional mission in all communications
5. Maintain confidentiality in handling donor and prospective donor records
6. Offer public recognition and appreciation for a gift only after donor permission has been granted
7. Ensure accurate use of designated gifts, optimal management of all solicited funds, and truthful reporting
8. Comply with all federal, state, municipal and/or provincial laws
9. Deal charitably, fairly, and honestly with other professionals and other organizations
10. Maintain and encourage high levels of professional competence and accurately present professional qualifications and experiences to prospective donors and employers
11. Be compensated by a salary or contractual fee agreement, not by fees based on a percentage of charitable gifts secured
12. Avoid or otherwise disclose all potential conflicts of interest

*Revised 12/97*

#### **A Donor Bill of Rights**

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization’s most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgment and recognition.
- VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

*DEVELOPED BY*

*American Association of Fund Raising Counsel (AAFRC)  
Association for Healthcare Philanthropy (AHP)  
Council for Advancement and Support of Education (CASE)  
Association of Fundraising Professionals (AFP)*

*ENDORSED BY*

*Association of Lutheran Development Executives*

## **ATTACHMENT 6**

### **AFP Code of Ethical Principles**

*Adopted 1964; amended October 1999*

The Association of Fundraising Professionals (AFP) exists to foster the development and growth of fundraising professionals and the profession, to promote high ethical standards in the fundraising profession and to preserve and enhance philanthropy and volunteerism.

Members of AFP are motivated by an inner drive to improve the quality of life through the causes they serve. They serve the ideal of philanthropy; are committed to the preservation and enhancement of volunteerism; and hold stewardship of these concepts as the overriding principle of their professional life. They recognize their responsibility to ensure that needed resources are vigorously and ethically sought and that the intent of the donor is honestly fulfilled. To these ends, AFP members embrace certain values that they strive to uphold in performing their responsibilities for generating charitable support.

AFP members aspire to:

- Practice their profession with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust.
- Act according to the highest standards and visions of their organization, profession and conscience.
- Put philanthropic mission above personal gain.
- Inspire others through their own sense of dedication and high purpose.
- Improve their professional knowledge and skills, so that their performance will better serve others.
- Demonstrate concern for the interests and well-being of individuals affected by their actions.
- Value the privacy, freedom of choice and interests of all those affected by their actions.
- Foster cultural diversity and pluralistic values, and treat all people with dignity and respect.
- Affirm, through personal giving, a commitment to philanthropy and its role in society.
- Adhere to the spirit as well as the letter of all applicable laws and regulations.
- Advocate within their organizations, adherence to all applicable laws and regulations.

- Avoid even the appearance of any criminal offense or professional misconduct.
- Bring credit to the fundraising profession by their public demeanor.
- Encourage colleagues to embrace and practice these ethical principles and standards of professional practice.
- Be aware of the codes of ethics promulgated by other professional organizations that serve philanthropy.

#### Standards of Professional Practice

Furthermore, while striving to act according to the above values, AFP members agree to abide by the AFP Standards of Professional Practice, which are adopted and incorporated into the AFP Code of Ethical Principles. Violation of the Standards may subject the member to disciplinary sanctions, including expulsion, as provided in the AFP Ethics Enforcement Procedures.

#### Professional obligations

1. Members shall not engage in activities that harm the members' organization, clients, or profession.
2. Members shall not engage in activities that conflict with their fiduciary, ethical, and legal obligations to their organizations and their clients.
3. Members shall effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
4. Members shall not exploit any relationship with a donor, prospect, volunteer, or employee to the benefit of the members or the members' organizations.
5. Members shall comply with all applicable local, state, provincial, and federal civil and criminal laws.
6. Members recognize their individual boundaries of competence and are forthcoming and truthful about their professional experience and qualifications.

#### Solicitation and use of charitable funds

7. Members shall take care to ensure that all solicitation materials are accurate and correctly reflect their organization's mission and use of solicited funds.
8. Members shall take care to ensure that donors receive informed, accurate, and ethical

advice about the value and tax implications of potential gifts.

9. Members shall take care to ensure that contributions are used in accordance with donors' intentions.
10. Members shall take care to ensure proper stewardship of charitable contributions, including timely reports on the use and management of funds.
11. Members shall obtain explicit consent by the donor before altering the conditions of a gift.

#### Presentation of information

12. Members shall not disclose privileged or confidential information to unauthorized parties.
13. Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization is the property of that organization and shall not be transferred or utilized except on behalf of that organization.
14. Members shall give donors the opportunity to have their names removed from lists that are sold to, rented to, or exchanged with other organizations.
15. Members shall, when stating fundraising results, use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the American Institute of Certified Public Accountants (AICPA)\* for the type of organization involved. (\* In countries outside of the United States, comparable authority should be utilized.)

#### Compensation

16. Members shall not accept compensation that is based on a percentage of charitable contributions; nor shall they accept finder's fees.
17. Members may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the members' own organizations, and are not based on a percentage of charitable contributions.
18. Members shall not pay finder's fees, commissions or percentage compensation based

on charitable contributions and shall take care to discourage their organizations from making such payments.

## ATTACHMENT 7

### **NCPG MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER**

#### PREAMBLE

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

#### I. PRIMACY OF PHILANTHROPIC MOTIVATION

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

#### II. EXPLANATION OF TAX IMPLICATIONS

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

#### III. FULL DISCLOSURE

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

#### IV. COMPENSATION

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such

payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

#### V. COMPETENCE AND PROFESSIONALISM

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

#### VI. CONSULTATION WITH INDEPENDENT ADVISORS

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

#### VII. CONSULTATION WITH CHARITIES

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

#### VIII. DESCRIPTION AND REPRESENTATION OF GIFT

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

#### IX. FULL COMPLIANCE

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

#### X. PUBLIC TRUST

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

**ATTACHMENT 8**  
**CHARITABLE SOLICITATIONS POLICY OF**  
**THE INTERNATIONAL LUTHERAN LAYMEN’S LEAGUE**  
**DBA LUTHERAN HOUR MINISTRIES**

WHEREAS, Lutheran Hour Ministries (hereinafter, LHM) depends upon charitable contributions for the support and operation of its ministries; and

WHEREAS, LHM actively solicits charitable contributions and believes that such solicitation is essential in order to ensure the continued existence and growth of the LHM’s ministries; and

WHEREAS, the Board of Directors of LHM believes that it is prudent to establish standards which govern all LHM charitable solicitation efforts in order to:

(i) inspire public confidence in LHM and protect the image and viability of LHM and its ministries; (ii) assure, whenever possible, that all contributions to LHM are the result of informed decisions on the part of its contributors; (iii) remove or decrease the risk of litigation, government intervention, financial loss or other liabilities to which LHM and its ministries may be exposed because of improper solicitation methods or methods which give the appearance of impropriety; and (iv) further the growth of public participation in LHM’s ministries; and

WHEREAS, LHM, in the spirit of private initiative and responsible self-regulation desires to establish a consistent policy governing the solicitation of charitable contributions for LHM, whether such solicitations are performed by LHM, its employees, agents or independent contractors; and

NOW, THEREFORE, this Charitable Solicitations Policy of LHM (hereinafter, the “Solicitations Policy”) shall govern all charitable solicitation efforts by or on behalf of LHM.

## ARTICLE ONE

Section A. This Solicitations Policy may be amended from time to time by resolution of a duly called and convened meeting of the Board of Directors of LHM, specifically referring to the Article and Section to be amended, and reciting the language of such amendment.

Section B. For the purposes of this Solicitations Policy, “charitable solicitations” (“Solicitations”) shall mean those programs and projects evaluated, established, owned and sponsored from time to time by LHM to accomplish its purpose of spreading the Gospel of Jesus Christ, in the United States of America and other nations. At the time of adoption of this Solicitations Policy by the Board of Directors of LHM, such ministries include but are not limited to: “The Lutheran Hour” radio ministry, and related television and print ministries. It is expressly recognized that LHM’s Ministries may, in the future, include projects and programs in addition to, or in replacement of, said projects and programs.

## ARTICLE TWO

Section A. All Solicitation efforts by or on behalf of LHM shall include a general disclosure of LHM’s purposes and activities, a clear description of the programs and activities for which funds are requested. A presentation of LHM’s annual administrative costs versus amounts devoted to carrying out its ministries shall be made available as requested by individual donors.

Section B. At the outset of any Solicitation, each Solicitor must disclose to all potential contributors that:

- (1) the Solicitor is an uncompensated member of, or participant in, LHM or its Ministries;
- (2) the Solicitor is an employee of LHM or its ministries; or
- (3) that the Solicitor is an independent contractor, as the case may be.

Section C. All Solicitors who are not employees of LHM shall apply to and must receive approval from the Vice President of the Constituent Service department prior to participating in any Solicitation efforts on behalf of LHM.

All Solicitors who are compensated for Solicitation efforts must disclose at the outset of any Solicitation the type and amount of compensation the Solicitor is to receive in return for his Solicitation efforts.

No International Lutheran Laymen’s League district, zone etc. shall engage in any fund development activity which may or will be construed as representing the International

Lutheran Laymen's League dba LHM without approval of the Vice President of the Constituent Services department.

Section D. All Solicitations and informational materials distributed in connection with Solicitations by any means shall be accurate, truthful and not misleading, both in whole and in part. All information materials shall be submitted to the Vice President of the Constituent Services department for approval prior to public distribution or publication.

Section E. Solicitors shall honor donor requests for confidentiality and shall not publicize the identity of donors without prior written permission.

### ARTICLE THREE

Grants – Grants submitted to a corporation, foundation, fraternal organization or other grant making entity, for the purpose of obtaining funds for the ministries of the International Lutheran Laymen's League shall be approved by the President/CEO or his designee, prior to submitting the grant request to the grant-making entity.

*Written in 2001*