

Lutheran Church of Hope Foundation of Hope Fund



Operating Policies and Guidelines

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Chapter I – Purpose

The Foundation of Hope Fund was established by action of Lutheran Church of Hope at its annual congregational meeting in 2012.

This document does not supersede the Fund **Constitution and Bylaws** which was approved at the annual congregational meeting in 2012 and defines the items below. Rather it is intended to further define the day-to-day operating policies and guidelines to be used by the Fund Board (herein referred to as the Foundation Board) in carrying out their responsibilities.

Contained in the Constitution and Bylaws:

- Name and Incorporation
- Purpose of the Fund
- Administration of the Fund
- Relation to Lutheran Church of Hope and Evangelical Lutheran Church in America
- Tax Exemption
- Affirmation of Purpose
- Fund Meetings
- Appointments to Fund Board
- Fund Board
- Indemnification
- Parliamentary Authority
- Amendments

Chapter II – Conflict of Interest

If a voting member feels he/she has a Conflict of Interest, that member should notify the Foundation of Hope Board Chair of the possible conflict. The Team Lead will then poll the members to see if they feel a conflict exists. If a conflict of interest arises, it will be noted in the minutes and the board member shall abstain from discussion and voting. The importance is to be placed on the disclosure of any possible Conflict of Interest.

Chapter III – Financial

Reports

The Foundation of Hope Fund, created by and responsible to the congregation for management of those endowed and other funds transmitted to its care, shall through its Treasurer cause an annual report and outside audit of its transactions to be submitted to the Board of Trustees as part of its annual report to the congregation. The Foundation Board shall review the expenditure guidelines at least every two years in response to changing strategic objectives as well as internal and external circumstances.

Finance Committee Representative

The Foundation of Hope Financial Reporter will work with the Lutheran Church of Hope Treasurer and/or Finance Committee to integrate the Foundation finance practices with those of Lutheran Church of Hope.

Chapter IV – Foundation of Hope Fund Investment Policy

Introduction

The members of the Foundation of Hope Fund Board have accepted the stewardship responsibility of gifts that many people have made to the Foundation of Hope. Part of that responsibility involves the prudent financial management of Foundation assets. The Foundation Board hereby adopts the following Investment Policy as a guideline for the Foundation Board to use when making investment decisions and monitoring the investment performance of Foundation funds.

The Foundation Board acknowledges that they act as fiduciaries of Foundation funds, and understand that they are bound to the standard of care that applies to fiduciaries in the State of Colorado.

Investment Objectives

In order to fulfill the spirit of the original Lutheran Church of Hope Congregation resolution which established the Foundation, the Foundation Board will invest assets to provide the Foundation with a level of current income from dividends and interest which is sufficient, in the opinion of the Foundation Board, to meet its commitment to the mission of Lutheran Church of Hope.

The Foundation Board realizes that income requirements will increase over time and, in order to accommodate increasing amounts of grant requests, they will invest a portion of the assets in equity investments which they believe will provide a smaller amount of current income than would be provided by fixed income securities, but which will permit the growth of Foundation assets to offset, at least in part, the effects of inflation.

The Foundation Board is charged with achieving these substantial and increasing income objectives noted above while avoiding excessive risk in order to preserve capital.

Risk

The Foundation of Hope Fund Board realizes that virtually all investments involve one or more types of risk, including, but not limited to, market value risk, interest rate risk, credit risk, liquidity risk, and in the case of foreign investments, political and currency risks. They also recognize that inflation risk exists, and believe that they should position the investment portfolio to counter the effects of inflation. The Foundation Board will seek to balance these various inherent risks in order to achieve our investment objectives.

To manage these risks, the Foundation Board will employ the principle of diversification among individual securities and asset classes. In addition, the Foundation Board will select securities and/or funds which are considered to be high quality (though not limited to investment grade) securities. The use of these standards of diversification and quality shall not preclude the Foundation Board from investing in individual company stocks and/or bonds, nor shall it preclude the investment of Foundation funds in lower rated, high yielding bonds or foreign securities.

Asset Allocation

To achieve these investment objectives and to maintain our moderate risk tolerance, the Foundation Board has resolved to utilize Lutheran Community Foundation to manage the Fund's assets.

Chapter V – Performance Review

The Foundation Board shall monitor the investment performance of the Fund and shall report its evaluation at its regularly scheduled quarterly meeting. The report shall include the following items:

- Investment performance of the Fund, on an absolute basis and relative to appropriate indices of the various portfolios.
- Dividend and interest income from the various portfolios.
- Realized gains and losses from the sale of securities.
- Unrealized appreciation or depreciation of assets.
- Risk profile of the various fixed income and equity portfolios, to the extent that such information is available.
- If the Foundation Board has engaged the services of an investment advisor, the report shall include an evaluation of the performance of the advisor. The evaluation of the investment advisor may be submitted to the Foundation Board on an annual, rather than a quarterly, basis.

Chapter VI – Calculation of Funds for Distribution

The investment policy shall be reviewed annually by the Foundation Board to determine its appropriateness, in light of changing economic conditions and the needs, resources and objectives of the Foundation of Hope Fund.

Determining distributions

The Foundation Board will calculate funds available from the investment portfolio for distributing grants as follows:

1. As soon as practical after the end of the prior year, no later than July 31, the Foundation of Hope Fund Board and the Financial Reporter will determine the Net Asset Value of the Foundation's investment portfolio. Per the Constitution and Bylaws, the Net Asset Value will be the average fair market valuation of the Fund's net asset for the four calendar quarters ending as of December 31.

2. The Financial Reporter will then take the prior year-end Net Asset Value of the portfolio times up to five percent (5.0%) equaling the amount that the Foundation Board is allowed to grant during the current year. NOTE: Grants will not begin until the fund has reached the \$250,000 minimum as stated in the Constitution and Bylaws.
3. On a quarterly basis, the Financial Reporter will cause twenty-five percent (25%) of the annual funds available to be transferred to a money market account for disbursement to grantees as identified by the Foundation.

Chapter VII – Gift Acceptance

Purpose

The Foundation of Hope Fund Board solicits current and deferred gifts from individuals, corporations and foundations to secure the future growth and missions of the Foundation. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation for any of its programs or services.

Use of legal counsel

The Foundation of Hope Fund shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. Review by counsel is recommended for:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- Documents naming Foundation of Hope Fund as Trustee.
- Gifts involving contracts, such as bargain sales or other documents requiring the Foundation of Hope Fund to assume an obligation.
- Transactions with potential conflict of interest that may invoke IRS sanctions.
- Other instances in which use of counsel is deemed appropriate by the Foundation Board.

Conflict of Interest

The Foundation of Hope Fund will urge prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

Restrictions of Gifts

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that are too restrictive in purpose insofar as the gifts violate the terms of the mission and goals, are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. Should a donor prefer to restrict their gift for a specific, short-term purpose, the gift will be forwarded to

the Lutheran Church of Hope Endowment and Memorial Committee. All final decisions on the restrictive nature of a gift and its acceptance or refusal shall be made by the Foundation Board.

The Foundation Board is charged with the responsibility of reviewing all gifts made to Foundation of Hope Fund, properly screening and accepting those gifts.

Types of Gifts

The following gifts are acceptable:

Immediate Gifts:

- Cash
- Tangible Personal Property
- Securities
- Real Estate

Planned or Deferred Gifts:

- Life Insurance
- Bequests
- Life Insurance Beneficiary Designation.

As a general rule, all gifts of personal property, real estate and marketable securities shall be sold upon receipt unless otherwise directed by the Foundation Board. If marketable securities have restrictions under applicable securities laws, the final determination on the acceptance of the restricted securities shall be made by the Foundation Board.

Acceptance of gifts of real estate may be contingent upon satisfaction of a thorough environmental review of the property to ensure that the property has no environmental damage. An environmental review will be the decision of the Foundation Board, if it deems it appropriate. The donor will be encouraged to include the cost of such an environmental audit with the gift should it be required by the Foundation Board. When appropriate, a title binder shall be obtained by the Foundation Board prior to the acceptance of the real property gift.

Planned or deferred gifts do not fully accrue to the Foundation until sometime in the future. The Foundation Board will work closely with donors and confer with the financial advisors, at the request of the donors, to realize these gifts. Example language to document the bequest:

"I give to Foundation of Hope Fund, Lutheran Church of Hope in Broomfield, Colorado [written amount or percentage of the estate or description of property] income and principal to be applied in its discretion for its general uses and purposes."

Lastly, prior to acceptance of the real property, the gift shall be approved by the Foundation Board and by the Foundation legal counsel, if needed. The Foundation Board will make final judgment of the economics of the acceptance of the gift as well as the environmental audit. Discussion and resulting decision of the acceptance of the property shall address the following:

- Usefulness of the property for the purposes of the Foundation;
- Marketability of the property;
- Restrictions, reservation, easement, or other limitations associated with the property, if any;
- Carrying costs, if any; and
- Results of the environmental audit.

Miscellaneous Provisions

Securing appraisals and legal fees for gifts to the Foundation will ultimately be the responsibility of the Foundation Board. However, donors will be encouraged to include such appraisal and legal costs with a real estate gift. The Foundation Board will record a gift received by the Foundation with at its value for gift purposes on the date the gift was received. The Foundation Board is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within 2 years of receipt by the Foundation Board when the charitable deduction value of the item is more than \$5,000. The Foundation Board must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with filing instructions may be found on the www.irs.gov website.

The Foundation Board will thank all donors upon receipt of a gift through written correspondence.

The Anchor Society

Upon receipt of an estate planning inclusion or qualifying deferred gift,

- The Donor will be listed as a member of “The Anchor Society”.
- Once the gift has been received due to the demise of the donor, the donor will be listed on a public display. Donations may be listed as Anonymous.
- Qualifying gift options for membership are those that include Foundation of Hope in estate plans. There are many qualifying gift options:
 - Will
 - Revocable (Living) Trust
 - Charitable Gift Annuity
 - Charitable Remainder Trust
 - Remainder Interest in a Personal Residence or Farm
 - Charitable Lead Trust
 - Qualified Retirement Plan Benefits
 - Individual Retirement Accounts
 - Life Insurance
 - Certificates of Deposit
 - Bank Accounts
 - Stock Accounts
 - Gifts benefitting Foundation of Hope made through other charities or foundations

Chapter VIII – Gift Recognition

Cash and Current Giving

Once gift is recorded, it will be recognized by:

- A form letter from the Foundation Board signed by the Board Chair.
- A form letter from the Foundation Board signed by the Board Chair to a person being honored by the donor's gift and, when feasible, to the survivor of a person being memorialized by the donor's gift.
- Gifts to the Foundation will be listed (without amounts) in the next Lutheran Church of Hope newsletter as well as permanently recorded in the Book of Recognition.
 - Donor
 - Occasion (birthday, anniversary, funeral, etc.)
 - In Honor/Memory of

Legacy Giving – Insurance Policies, Trusts, Estates, etc.

Once a letter of bequeath and information from estate has been obtained, two (2) copies will be made:

- Copy 1 – To be stored in the church's safety deposit box
- Copy 2 – To be stored in the member's personnel file

In addition, the giver will be asked to complete a testimonial and information sheet.

The gift will be recognized by:

- An immediate, special letter hand-signed by the Pastor for donors requesting confidentiality;
- Membership in the "The Anchor Society";
- An 'Anchor Society' paperweight sent to the giver; and
- Acknowledgement of new Anchor Society members by the Pastor once per quarter in worship or in private, if requested.

Once death occurs and the gift has been received by Lutheran Church of Hope, the name of the Estate or Giver will be recorded in the Book of Recognition and will be placed on the Anchor Society Plaque with date of death listed.

Chapter IX – Granting Gifts

- The Foundation Board will annually present "Guidelines for Foundation of Hope Fund Grants" to the Lutheran Church of Hope Board of Trustees to affirm.
- The Foundation Board will publicize a Grant Request Form (Appendix I – Grant Request Form) to be completed by grantees for consideration.

- The Foundation Board will publicize the grants made and to whom. The Board will not publicize the purpose of the grant or the amount. Within one year of receiving a grant, all grantees shall report through written correspondence how the grant was used.
- Prior to the quarterly Foundation Board meetings, the Fund Secretary will review the requests and make recommendations to the Foundation Board members. If additional information is needed concerning a request, a Foundation Board member will contact the requestor.
- Following the Foundation Board meeting, the Fund Secretary will give notice of the grants to the Lutheran Church of Hope Treasurer. The Foundation Financial Secretary will cut the checks and the Foundation secretary will enclose them with a letter. All requests made to the Foundation will receive a written response.
- Grants will support the rules and objectives set forth in the Constitution and Bylaws.



Appendix I – Grant Request Form

(Please type or print clearly)

Date: _____

Name of Applicant or Organization: _____

Phone: _____ Fax: _____

Address: _____ Email: _____
Street

_____ City State Zip Code

Is the applicant or any member of the requesting organization a member of Lutheran Church of Hope?

Yes _____ No _____

Amount of grant requested: _____

Describe the proposed use of this grant request:

Detail how this grant would “Share and Transform faith, hopes, and lives.”

Describe additional matching funds that are expected to be available if a grant is awarded:

(Any organization not affiliated with Lutheran Church of Hope must attach a description of the organization's activities and affiliations, a summary of the organization's financial status, and a summary of the organization's sources of funding support.)

Submit completed form to:

Lutheran Church of Hope
Attn: Foundation of Hope Fund
1305 West 10th Avenue
Broomfield, CO 80020

Phone: 303-466-4823
Fax: 303-466-1968

The Foundation of Hope Fund Board will review all grant requests within 45 days of being submitted. The applicant will be notified within this time period of the acceptance or non-acceptance of the grant request.

The requestor should provide any additional information deemed pertinent to the request when submitting the original form. Also, the requestor may be asked to present additional information in person at a Foundation of Hope Board Fund meeting prior to a final decision on the request.

If any or all of the request is granted, the applicant agrees to report the accomplishments to the Foundation Board within 12 months of receipt of the grant.



Appendix II - Example Legal Document Language

CODICIL TO LAST WILL OF

I, _____ (the 'Testator) of _____, declare this to be my Codicil to Last Will (my 'Codicil') to my Last Will and testament being dated the _____ (my 'Last Will').

1. My Last Will is hereby amended to include the following additional provision:
I bequeath the _____ to the Foundation of Hope "Fund" (Lutheran Church of Hope in Broomfield, Colorado) to be used per the Constitution and ByLaws of same.
2. I hereby confirm and republish my Last Will dated _____ in all respects other than those mentioned here.

IN WITNESS WHEREOF, I have signed my name on this the ____ day of _____, _____ at _____, _____, declaring and publishing the instrument as my Codicil to Last Will, in the presence of the undersigned witnesses, who witnessed and subscribed this Codicil to Last Will at my request, and in my presence.

(Testator)

SIGNED AND DECLARED by _____ on the ____ day of _____, _____ to be his/her codicil to Last Will, in our presence, at _____, _____, who at his request, in his presence and in the presence of each other, all being present at the same time, have signed our names as witnesses.

Witness #1 Signature

Witness #2 Signature

Witness #1 Name (Print)

Witness #2 Name (Print)

Witness #1 Street Address

Witness #2 Street Address

Witness #1 City/State

Witness #2 City/State



AFFIDAVIT

I, _____, THE Testator, sign my name to this instrument this _____ day of _____, 20____, and being duly sworn, do hereby declare to the undersigned authority that I sign and execute this instrument as my Codicil to Last Will and that I sign it willingly (or willingly direct another to sign for me), that I execute it as my free and voluntary act for the purposes express in the Codicil to Last Will, and that I am eighteen (18) years of age or older, of sound mind, and under no constraint or undue influence.

Testator

We, _____ and _____, the witnesses, sign our names to this instrument, being first duly sworn, and do hereby declare to the undersigned authority that the Testator signs and executes this instrument as the Testator’s Codicil to Last Will and the he executes it as his free and voluntary act for the purposes therein expressed, and that each of us, in the conscious presence and hearing of the Testator, hereby signs this Codicil to Last Will as witness to the Testator’s signing, and that to the best of our knowledge the Testator is eighteen (18) years of age or older, of sound mind, and under no constraint or undue influence.

Witness #1

Witness #2

STATE OF COLORADO
COUNTY OF _____

Subscribed, sworn to and acknowledged before me by _____, the Testator, and subscribed and sworn to before me by _____ and _____, witnesses, this _____ day of _____, 20____.

(Seal)

(Signed) _____

(Official capacity of officer)