



Living Hope International, Inc Financial Policy

Principles

1. To increase the impact of Living Hope International, Inc. (LHI) by managing donations wisely and effectively.
2. To comply with IRS rules and regulations and known best practices for tax deductibility of donations.
3. To consider restrictions and preferences expressed by donors to the extent allowable.
4. To apply a balance of important principles and efficient processes to accomplish the organization's purposes.

Policies

- 1. Standard Statement and Reference.** The following statement will be used on all relevant LHI donation receipts and fundraising materials: Living Hope International, Inc. (LHI) is a registered 501c3 non-profit organization. All donations to LHI are tax-deductible in full or in part within the United States. This contribution is made with the understanding that the organization has complete control and administration over the use of the donated funds. No goods or services are provided in exchange for this gift.
- 2. Qualified Charity.** Living Hope International, Inc. is a non-profit corporation and has been determined by the Internal Revenue Service to be tax-exempt as a 501c3 organization.
- 3. Unrestricted and Restricted Donations.** LHI accepts contributions to support our overall ministry and also recognizes the desire by some donors to restrict the use of their donations to specified purposes, such as particular mission trips, staff support, a building fund, or other important causes. Restricted donations are used to support the purpose for which they were originally intended until that purpose has been satisfied, after which any excess funds are used for other purposes consistent with the organization.
- 4. Designated Gifts.** LHI is dedicated to transparency in our materials and through communications with our missionaries and deputized fundraisers. Unless donor restrictions are specified, donations will be considered available to impact every aspect of LHI's overall mission, including, but not limited to, the types of purposes described in materials presented to donors. When a donor explicitly states an intention to restrict donations to a specific purpose, LHI uses all reasonable efforts to follow the donor's intent. However, a donation restricted only for the personal benefit of, or use by, an individual would not be tax deductible and therefore such restriction cannot be accepted. In these situations, LHI does not have the required "control and discretion" over the use of the funds. Instead, donors may express a preference that the donation be used toward a particular purpose, and thereby support a particular deputized fundraiser's or other individual's participation with LHI in accomplishing that purpose. Accordingly, donations expressing a preference for an individual who may have made the appeal are considered to be restricted for the purpose for which such individual is currently involved with deputized fundraising. LHI will use reasonable efforts to consider donor preferences. Therefore, in the reasonable use and application of donations, practical changes may



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be necessary. LHI considers this to be consistent with the donor's intent as long as the overall mission of LHI is appropriately furthered. If donors' written requests for restricted purposes or preferences appear to be impractically precise or inconsistent with LHI's purposes, LHI may decide to not accept such donations, although it is expected that such situations will be rare. In addition, LHI has adopted the following guidelines:

- A. Gifts which are intended to go to another charitable organization should not be given to LHI. Such gifts should be made directly to the other charitable organization rather than using LHI as a conduit.
 - B. From time to time, LHI may designate a specific fund for a specific charitable purpose. In these situations, gifts designated for the specific fund are encouraged.
 - C. Gifts designated for a category or person included in the LHI budget will be applied to the budgeted amount.
 - D. Gifts for specific individuals should be avoided. In situations where a name appears in regard to a gift, unless clearly designated otherwise, such gift will be accepted with the understanding that the donor was making a non-binding suggestion only. Such gifts will be utilized as LHI deems advisable (exercising its discretion and control) and not necessarily as suggested by the donor.
- 5. Deputized Fundraising.** LHI utilizes the accepted practice called "deputized fundraising" to raise donations to support many of our activities. Individuals, who desire to participate in mission trips, to join LHI's missionary team, or to be involved in other projects, programs or activities become fundraisers for LHI with the mutual intention of participating, under LHI's direction, in carrying out the purpose(s) for which they are appealing for donations. It is acceptable practice to agree on, and monitor success towards, individual and project fundraising goals. However, as the qualified charity, LHI must maintain discretion and control over the use of all tax-deductible contributions, without any obligation to directly benefit the fundraiser or any other individual. Accordingly, it is not acceptable for tax deductible contributions raised by a deputized fundraiser to be set aside to reimburse expenses incurred by and applicable only to such individual fundraiser/participant.
- 6. Deputized Fundraising - Excess Funds.** If an individual's fundraising goal for a mission trip is met and the individual participates in the trip, their objective, their donors' objectives, and LHI ministry objectives are satisfied. However, for example, if the participant does not participate directly or proportionately in using the donations raised or raises funds above the goal, LHI cannot be expected to give the participant or the donor's alternative direct benefits or refunds based on the amount of funds raised and used because this would not be consistent with LHI maintaining discretion and control. Accordingly, consistent with LHI's overall policy described under item 5 above, donations in excess of the individual goal for a deputized fundraiser, regardless of the reason for the excess, are used to support the mission trip or other purpose for which they were originally intended until that purpose has been satisfied, after which any excess funds will be used for other purposes consistent with LHI's non-profit status.
- 7. Deputized Fundraising - Reporting.** Donations expressing a preference for a particular deputized fundraiser are accumulated in a support account system to communicate progress towards each person's fundraising goal as well as the overall goal for the



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intended trip or other purpose. The support account system is for informational purposes only. Such reporting should in no way be interpreted to indicate that fundraisers or donors may exercise any rights or control over the gross or net amounts reflected in these support accounts.

- 8. Donations Irrevocable When Made.** Tax deductible contributions must be irrevocable; therefore, all donations are non-refundable and non-transferable.
- 9. Reporting to Donors.** Donors will receive acknowledgments during the year confirming the amounts and dates of gifts, as well as calendar year-end tax receipts documenting such gifts as deductible contributions for income tax purposes in the United States. Each donor is advised to consult a personal income tax advisor for the applicability of such contributions.
- 10. Tax Deductions for Short-Term Missions Trips.** It is not unusual for missions organizations to not provide tax receipts for very short-term trips (such as a week or less) where a church or an individual makes payments for the missions organization to lead the trip and to pay a certain portion of the expenses, and the participant or participating church paying certain of the expenses directly such as airfares or other transportation costs. LHI and reputable authorities believe, however, that individual taxpayers should be able to take tax deductions for payments to LHI for their participation in such trips because we lead them in a manner to be consistent with our tax exempt purposes. Also, we believe a taxpayer may claim a charitable contribution deduction for travel expenses necessarily incurred directly by them while away from home performing charitable services in connection with such LHI trips if there is no significant element of personal pleasure, recreation, or vacation in such travel. The deduction should not be denied simply because the taxpayer enjoys providing such services. Therefore, LHI will provide calendar year-end receipts for payments made to LHI by such donor/participants. Obviously, LHI does not have information related to payments made directly by participants and cannot provide either tax receipts or information regarding any element of personal pleasure, recreation, or vacation related to such payments made directly by participants, so such adjustments, if any, are the sole responsibility of the taxpayer.
- 11. Deputized Fundraising for Short-Term Trips.** For the very short-term trips paid for by or through churches and those paid fully by a participant, receipts are either irrelevant or are provided directly to the participant in accordance with Item 10 above. LHI encourages the raising of funds through participants' churches and this paragraph should not be interpreted as a change to that preference. However, in some cases, we recognize that participants and/or their supporters may desire to have contributions by donors made directly to LHI in a manner that will allow those supporters to receive a tax receipt for a contribution to LHI. In order to do this, such contributions must follow all of the same policies for deputized fundraising as described herein, including being irrevocable, non-refundable, and non-transferable. LHI must retain the ultimate discretion as to the application of those funds even though a preference for support of the participant the donor identifies may be considered. With the help of interested participants and donors and with up-front understanding and agreement, LHI will strive to identify contributions made with this objective, and applicable donors will receive year-end tax receipts accordingly. For this identification to be effective, it should be prearranged by obtaining checks from donors that are made payable to Living Hope International, Inc., and presenting those checks to LHI together with a note stating to whom it is for and for which trip.



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12. Donations by Donors Located Outside the United States. LHI is incorporated and qualified as a 501c3 non-profit organization in the United States. Therefore, LHI year-end tax receipts are intended to confirm tax-deductibility only as it applies for US income tax purposes. Deductibility of donations or contributions varies in other countries based on local laws, treaties with the US, etc. Therefore, donors based outside the US should consult with a qualified advisor regarding the tax or equivalent rules covering deductibility in their applicable non-US jurisdiction.



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