



CLS' Commitment to Stewardship

Introduction

The *Christian Legal Society (CLS)* is committed to and abides by the standards and management of donations, as defined by the nationally recognized oversight group, the *Evangelical Council for Financial Accountability (ECFA)*. The *Christian Legal Society (CLS)* is a charter member of *ECFA*. Further, *CLS* has also sought to clarify and establish additional fundraising guidelines, position statements, and terms of service to help augment and strengthen the trust of *CLS'* friends, ministry supporters and donors, and the public at large.

CLS' Commitment to Supporters of the Ministry

Christian stewardship is based on biblical truth. The Christian Legal Society embraces those biblical principles of stewardship, realizing that giving is essential for spiritual growth and to the furtherance of the Kingdom. To assure that stewardship merits the respect and trust of the general public and that current and prospective ministry supporters can have full confidence in the ministry and causes that they are asked to support, CLS declares that all ministry supporters have these rights¹:

- To be informed of the ministry's mission, of the way the ministry intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on CLS' governing board, and to expect the board and the organization's leadership to exercise biblical discernment in its stewardship responsibilities.
- To have access to the ministry's most recent annual report and audited financial statements, and the IRS Form 990 which CLS is required to file

¹ Adapted from the Donor Bill of Rights that was developed by the following entities:
Association of Fundraising Professionals (AFP)
American Association of Fund Raising Counsel (AAFRC)
Association for Healthcare Philanthropy (AHP)
Council for Advancement and Support of Education (CASE)



- each year with the Internal Revenue Service (these reports may be accessed at any time by going to CLS' website – www.clsnet.org).
- To be assured their gifts will be used for the purposes for which they were given in accordance with the ministry's written guidelines.
- To receive an appropriate acknowledgement of their gift(s).
- To be assured that CLS understands the significance of sacrificial giving, and pledge to honor and value the sanctity of the gift.
- To be assured that information about them and their donations is handled in a confidential and secure manner.
- To expect that all relationships between the organizations' representatives and the ministry partner will be professional in nature, and will not be traded on for personal gain.
- To be informed, upon request, whether those seeking donations are supported staff, salaried staff, volunteers, contracted consultants, or hired solicitors.
- To have the opportunity for their names to be removed from any of CLS' mailing and (if applicable) telemarketing lists.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

CLS' Commitment to Confidentiality and the Security of Ministry Donor Information

CLS values and honors the privacy of its financial supporters by establishing an environment of trust and security. Information about our existing ministry supporters, and prospective supporters, including names and addresses, credit card information, beneficiaries, gifts amounts, and estate information, is kept strictly confidential by all authorized CLS personnel (staff and volunteers), unless permission is obtained in writing from the donor to release such information. Such information shall be recorded and retained only for the private, business use of the organization.

CLS seeks to maintain appropriate measures to ensure the security of donor information through the use of locked files and computer passwords, and by the regular shredding and disposal of nonessential printed partner records. All ministry divisions of CLS strive to follow these same guidelines, including



security of their laptop and handheld PDAs (personal digital assistants) computers. Names acquired through the Internet, or other public domains, are also protected from unsecured Web sites, including addresses, telephone, facsimiles, e-mail addresses, credit card data, and/or other personal information.

CLS' Guidelines for Direct Marketing

- **Communication to Outside Mailing and Other Lists**

CLS exercises discretion and integrity in truthfully and accurately representing its various ministries to prospective financial supporters.

- **Removal from Mailing and Other Lists**

The ministry of CLS is committed to honoring the ministry supporter's request to no longer receive its direct marketing materials, telephone calls, e-mails and other communications.

- **Rental and exchange of CLS' Mailing Lists**

Because CLS highly values its donors and their privacy, the ministry does not sell, rent, barter or exchange its mailing and other lists to or with outside organizations or individuals for any fund-raising purposes. CLS will also uphold the highest security on lists of financial partners and other constituents.

- **Products and Services**

CLS does not offer its constituents any products and services that are not directly related to the mission of the organization.

CLS' Position on Gift Designation and Reassignment

It is the position of CLS that any donation given by a ministry supporter in response to an appeal for a specified project will be used only and completely for that purpose. CLS will begin to put the funds to work on that specified project in a



timely manner normally within not more than twelve months. In the event that the designated project is fully funded, delayed or canceled, the excess funds will be reassigned to a ministry need most closely identifying with the project for which the funds were originally given.

With appeals for projects, CLS will seek to disclose this position in accompanying material, while notifying the ministry supporter, in advance, of the organization's position. Although the final decision on the re-designation from an appeal for a gift rests with CLS, CLS will seek to find an alternative ministry project(s) which is compatible with the supporter's giving interests and desires, and if at all possible, notifying the supporter of reassignment of their gift(s).

CLS will review gifts given by a ministry partner for an express, designated purpose, to determine if the purpose can be achieved. If the gift is accepted, the funds will be used for the designated purpose.

CLS' Position on Liquidation of Non-Cash Donations

Generally, non-cash donations that it receives will be liquidated at the first available opportunity, and the proceeds used to achieve the prudent board authorized and mission-driven stewardship goals and objectives of the organization. Gifts of stocks, bonds, mutual funds and other securities will usually be sold within 3 to 5 business days, unless otherwise requested by the donor. Gifts of real property will be turned over to appropriate brokers/agents for sale to a qualified buyer. Exceptions may be made by senior leadership, as deemed appropriate and consistent with our overall mission of the organization.

CLS' Guidelines on Acceptance of Real Property and Insurance Gifts

Real Property Gifts

The ministry of CLS gratefully receives various kinds of real property gifts. They provide an important source of funds to keep the ministry growing. The following information is important for a prospective real property contributor to be aware of:



In order to protect CLS from unknown liabilities, all gifts of real property will be accepted only after formal CLS board (or designated Committee) approval.

1. CLS requires:
 - a. A preliminary title report showing no major clouds of title
 - b. An independent appraisal by a qualified appraiser
 - c. Environmental screening
 - d. Physical inspection when possible
2. Mortgaged property can be accepted **only** if a secure source of funds for payment of the mortgage, taxes, utilities, and other maintenance is in place. Property debt should be modest in comparison to the fair market value.

Insurance Gifts

Life insurance gifts are welcomed by CLS. In most cases the life insurance serves the donor and the ministry as an excellent tool to underwrite the mission-driven ministry work of CLS. The donor should be aware of the three following conditions the ministry has placed on this kind of gift:

1. Gifts of life insurance that are not paid up and without a source for premium payments will be promptly liquidated.
2. Policies with heavy loans will not be accepted.
3. Donors generally will be discouraged from purchasing life insurance to fund an endowment gift. Instead, donors will be encouraged to donate the premiums over the expected period of payment directly to CLS through an endowment agreement.

CLS' Position on Conflicts of Interest

A conflict of interest can occur when a party at interest, (defined as an individual who holds a position with CLS as a ministry director, corporate officer, member of the board of directors, or other person(s), stands to benefit personally from his/her relationship with CLS while maintaining a financial relationship with an external vendor or service provider.



It is the duty of a party at interest to disclose the conflict, or potential conflict, in writing to the Board of Directors, through CLS' Executive Director & CEO. Should a director, officer, trustee, or any other party at interest fail to disclose a potential conflict, it is the responsibility of the Board, or, as appropriate, through a designated board committee, to determine if a conflict exists and what action is needed to remedy the situation. If a violation is deemed to exist, the interested party will be given opportunity to explain to the Board their failure to disclose that conflict. The Board will then determine what appropriate corrective or disciplinary action should be taken.

Conflicts of interest can exist where a party at interest:

1. Or members of their families have a material interest in an actual or potential vendor firm seeking to do business with CLS or its subsidiaries.
2. Maintains an external consulting relationship without formal authorization and full disclosure.
3. Seeks to do business with or borrow money from a donor without disclosing the conflict of interest to both donor and the Board.

Individuals who receive compensation, directly or indirectly, from CLS, whether employees or independent contractors, are disqualified from participating in any Board Committee or Board deliberation or voting upon any matter involving their compensation. Parties of interest who receive compensation, directly or indirectly, are required to have their compensation packages reviewed and approved on a regular basis. All employees receive compensation in accordance with compensation policy as adopted by the Board of Directors. Certain individuals, as designated by the Board of Directors, are required to have their compensation approved annually by the Board.

This statement is a summary of CLS' existing Conflict of Interest policy as last ratified and approved by CLS' Board of Directors on May 5, 1994.

CLS' Independent Governing Board and Financial Audits

The ministry of the Christian Legal Society is governed by an independent Board of Directors which meets three times per year, the members of which voluntarily serve without any compensation. The Board consists of thirty members, twenty-



nine of which are from outside the organization and are independent, and one who is a compensated officer of CLS (the Executive Director & CEO).

CLS submits to annual financial audits of its operations in the spring quarter of each calendar year. These audits are currently conducted by the independent accounting firm of Moran & Company, P.C. CLS' external auditor is annually reviewed and approved to perform the current year's audit by the Audit Committee of CLS' Board of Directors.

Copies of the annual report are available in PDF format on CLS' website, www.clsnet.org or upon request by contacting the either CLS' Chief Financial Officer, or the Director of Development at: Christian Legal Society, 8001 Braddock Road, Suite 300, Springfield, VA, 22151-2110, or by telephone - (703) 642-1070 ext. 3507 (CFO), or ext. 3204 (Director of Development).