



GIFT POLICIES AND GUIDELINES

REVIEWED AND APPROVED 05/2011

Habitat for Humanity of West Central Minnesota, a not for profit organization, encourages the solicitation and acceptance of gifts for purposes that will help Habitat for Humanity of West Central Minnesota (hereinafter referred to as HFHWCM) to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to HFHWCM or for the benefit of any of its programs.

The mission of HFHWCM is:

Habitat for Humanity of West Central Minnesota works in partnership with God and people everywhere, from all walks of life, to develop communities with God's people in need by building and renovating houses so that there are decent houses in decent communities in which people can live and grow into all that God intended.

INDEX

- I. Donor Privacy and Bill of Rights**
- II. Gift Stewardship Policy**
- III. Gift Acceptance Policy**
 - a. Acceptance and Refusal**
 - b. Types of Gifts**
 - c. Authority to accept gifts**
- IV. Use of Legal Council**
- V. Tax Exempt Status**

Addendum: Accepting Gifts of Stock

Donor Privacy and Bill of Rights

We value our donors, volunteers, and prospects (collectively referred to as “supporters” hereafter) and take their privacy seriously. We will respect the privacy of information that we are privileged to have. Our commitment to respect the privacy of our supporters extends to how we obtain, use, protect, and share information about them.

Principles, Actions, and Beliefs

1. We will strictly keep confidential information concerning supporters (including addresses, names of beneficiaries, nature and value of estates) unless a supporter authorizes HFHWCM to release information. Donor name and gift amount are published in our annual report, unless anonymity is requested.
2. We will not share, sell, rent, or otherwise offer information about supporters to other organizations except Habitat for Humanity International (HFHI).
3. We will use our best efforts to comply with the expressed wishes of any supporter who does not want their name used in any promotional material, wishes their name removed from mailing lists, or wishes to have their gift/services remain anonymous.
4. We will collect, use, and share information about our supporters among employees and volunteers only on a needs-to-know basis for the sole purpose of carrying out HFHWCM’s mission.

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 enhance the quality of life. To assure that philanthropy merits the respect and trust of the general public, and supporters can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all supporters have these rights:

1. The right 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 purpose.
2. The right to be informed of the identity of those serving on the organization’s governing Board of Directors, and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
3. The right to have access to the organizations most recent financial statements.
4. The right to be assured their designated gifts will be used for the sole purpose for which they are given.
5. The right to receive appropriate acknowledgement and recognition or to remain anonymous if desired.
6. The right to be informed whether those seeking donations are volunteers or employees of the organization.
7. The right to have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
8. The right to ask questions when making a donation and the right to receive prompt, truthful, and forthright answers.

Gift Stewardship

Effective Spending

Gifts to the organization for use in current operations or designated for spending on specific programs are managed internally and externally. Determining the best way to spend donation funds to meet the community's needs is the responsibility of the Board of Directors. Their evaluation of the current housing environment and community needs are incorporated in HFHWCM's strategic plan. This plan, reviewed **bi-annually**, provides the operating direction used by management to carryout the mission.

Financial controls include a budget approved by the Board of Directors, regular reporting to the Board, and internal controls to appropriately spend funds. The Finance Committee provides advice and analysis to the board on financial management.

External financial oversight is through an annual audit and various government audits of specific program spending. An annual form 990 is provided upon request from our affiliate office.

Conflict of Interest

The Board of Directors, officers, and employees are responsible for acting honestly and prudently for the benefit of the organization. Board members, officers, and staff act under existing conflict of interest policies which require disclosure and review of conflicted transactions or decisions. Conduct while soliciting and accepting gifts falls within those policies.

Employees

Gifts and any designation to HFHWCM, from employees, must meet a strict acceptance test if the gift supports their own activities as an employee of HFHWCM. It is our policy not to accept donations from employees which directly funds any staff position or requires expenditures which the organization considers inappropriate.

Employees of the organization are not allowed to be estate representatives, executors, or trustees for third parties **if** the only relationship with the donor is through gift soliciting for HFHWCM.

Policy Review

The gift policy and guidelines are reviewed as needed by the Board of Directors, at the discretion of staff, to ensure continuing relevance and accuracy.

Gift Acceptance Policy

The purpose of the Gift Acceptance Policy is to provide guidance to individuals, legal council, and HFHWCM representatives concerned with accepting, soliciting, planning, and promoting private supporters. The Gift Acceptance Policy will provide for consistent and equitable relations with donors while providing safeguards for accepting appropriate gifts to further HFHWCM's mission.

The Gift Acceptance Policy applies to any charitable gift to HFHWCM including general donations, planned gifts, and endowment gifts.

Gift Acceptance and Refusal

1. Gifts are accepted only if they are for purposes consistent with and assist the objectives of HFHWCM, for activities which are within its capabilities, as determined by the Board of Directors.
2. Gifts will not be accepted which would require HFHWCM to act in violation of Federal, State, or Local laws, not in violation of HFHI or HFHWCM's established policies.
3. Care will be exercised not to accept gifts which require commitment of organization resources to supplement or to sustain the gift and its required work
4. In accepting gifts, HFHWCM retains control over the content and conduct of its programs, activates and investment choices. Federal tax law does not permit donors to dictate or restrict investment decision with regard to irrevocable gifts.
5. Acceptance of gifts which benefit the mission of HFHWCM does not imply approval or endorsement by Habitat of supporter's views or activities. There may be exceptional circumstances when a gift is not accepted which comes from a particular source or was acquired in a particular manner.
6. The decision to convert a non-cash gift to cash via sale or to hold a gift is a decision of the organization, not the supporter.
7. The responsibility for gift valuation, deductibility or transfer to HFHWCM is that of the supporter and/or their advisor(s).
8. HFHWCM will not knowingly seek or accept gifts, which HFHWCM believes is not in the supporter's best interest to make. The organization may also return a gift it feels is not in its best interest to accept.
9. A supporter may, upon written notice, request without explanation, to withdraw a gift commitment for which ownership has not already been transferred to HFHWCM.
10. Gifts will be acknowledged and reported to the supporter. Quid Pro Quo receipts, for which the supporter received product or services from Habitat, will be acknowledged as a gift.

11. HFHWCM representatives and staff can not provide legal or tax advice to supporters. Supporters should seek outside council for reliance and opinions. See “conflicts of interest” section.

Types of Gifts Accepted

Please note, supporter restrictions on donations are subject to acceptance or rejection based on policies noted in “Gift Acceptance and Refusal” policy.

Cash: Cash is acceptable in any form. Checks shall be made payable to HFHWCM. Deposit and investment of cash gifts are under the control of the organization.

Tangible Personal Property: All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of HFHWCM?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the Board of Directors and HFHWCM staff.

Securities: HFHWCM can accept both publicly traded securities and closely held securities. Securities gift value will be established as of the day transferred, at that day’s average price calculated from the day’s high and low price. Securities are to be transferred and to and sold through a HFHWCM approved brokerage account. Securities will be sold for cash as soon as practical, typically the next business day. Shares for which proceeds are less than transfer and processing costs will not be accepted.

**Please see addendum “Accepting Gifts of Stock”

- a. **Publicly Traded Securities:** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor’s signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by HFHWCM.
- b. **Closely Held Securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLP’ and LLCs or other ownership forms, can be accepted subject to the approval of the HFHWCM. However, gifts must be reviewed prior to acceptance to determine that:
 - there are no restrictions on the security that would prevent HFHWCM from ultimately converting those assets to cash,
 - the security is marketable, and
 - the security will not generate any undesirable tax consequences for HFHWCM.

Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, HFHWCM shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, HFHWCM shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the supporter.

Where appropriate, a title binder shall be obtained by HFHWCM prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the supporter.

The possibility of a part-sale, part-gift is available for land donations.

Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of HFHWCM?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

Types of Planned Giving Gifts Accepted

Immediate Donation: Planned giving for estates, individuals, or businesses can take the form of an immediate gift to HFHWCM. If your needs are a current year tax deduction, estate reduction, or capital gains reduction, an immediate donation is welcome.

Wills and Bequests: Supporters of HFHWCM shall be encouraged to make bequests to HFHWCM under their wills and trusts. Such bequests shall not be recorded as gifts to HFHWCM until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Remainder Interests In Property: HFHWCM will accept a remainder interest in a personal residence, farm, or vacation. The supporter or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the supporter, HFHWCM may use the property or reduce it to cash. Where HFHWCM receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

Oil, Gas, and Mineral Interests: HFHWCM may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Board of Directors, and if necessary, by HFHWCM's legal counsel.

Life Insurance: HFHWCM be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, HFHWCM will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the supporter does not elect to continue to make gifts to cover premium payments on the life insurance policy, HFHWCM may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

Charitable Gift Annuities: HFHWCM may offer charitable gift annuities. The minimum gift for funding shall be \$5,000. HFHWCM may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule. HFHWCM may approve exceptions to this payment schedule.

HFHWCM will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. HFHWCM may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and HFHWCM approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to HFHWCM's general endowment funds, or to such specific fund as designated by the donor.

Charitable Remainder Trusts: HFHWCM may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board of Directors. HFHWCM will not accept appointment as Trustee of a charitable remainder trust.

Charitable Lead Trusts: HFHWCM may accept a designation as income beneficiary of a charitable lead trust. The Board of Directors will not accept an appointment as Trustee of a charitable lead trust.

Retirement Plan Beneficiary Designations: Supporters of HFHWCM shall be encouraged to name HFHWCM as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to HFHWCM until such time as the gift is

irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Life Insurance Beneficiary Designations: Supporters of HFHWCM shall be encouraged to name HFHWCM as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to HFHWCM until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Authority to Accept Gifts

The Executive Director of HFHWCM has been designated by the Board of Directors to accept or refuse gifts which do not comply with the organizations standard gift acceptance policy. The Executive Director may elect to seek advice from the Board of Directors or legal council regarding specific gifts.

HFHWCM's staff is responsible for administering the gift policies and guidelines.

Gift solicitation is preformed by HFHWCM's staff, volunteers, and Board of Directors. HFHWCM does not use third party fundraisers.

Use of Legal Council

All supporters are strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Legal expenses acquired are the sole responsibility of the supporter. Please note that HFHWCM representatives are not able to provide legal or tax advice to any supporter.

HFHWCM shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by council is recommended for:

- a. review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. review of documents naming HFHWCM as Trustee
- c. review of all gifts involving contracts, such as bargain sales or other documents requiring HFHWCM to assume an obligation
- d. review of all transactions with potential conflict of interest that may invoke IRS sanctions
- e. and such other instances in which use of council is deemed appropriate

Tax Exempt Status

Name: **Habitat for Humanity of West Central Minnesota**
Address: **4078 North Hwy 71**
PO Box 1171
Willmar, MN 56201

Telephone: 320-231-2704
Fax: 320-231-0659

Incorporated Date: May 3, 1993
Federal ID #: 41-1726284

IRS Determination Letter Dated May 3, 1993. The IRS Determination Letter of HFHWCM is issued under a group exemption through Habitat for Humanity International, Americus, Georgia.

Properly identifying Habitat for Humanity of West Central Minnesota is critical, to avoid uncertainty about donor intent. HFHWCM is a local non-profit serving Chippewa, Kandiyohi, Meeker, Renville, and Swift Counties. The organization's activities, management, fundraising, and Board of Directors are independent from affiliated Habitat for Humanity organizations such as: Habitat for Humanity International, Habitat for Humanity of Minnesota, and other local Habitat affiliates throughout the country.

Accepting Gifts of Stock Through Edward Jones, Willmar

Our Contact:

Lynae, Edward Jones in Willmar 235-6902

Procedures:

If Donor Has a Brokerage Firm Now, they can transfer from their brokerage firm to our account:

Our DTC # is 0057

Designate: For the Benefit of Habitat for Humanity of West Central

MN

Edward Jones Account Number: 561-06621-1-5

If Donor Holds the Certificates Him/Herself, they have to physically present us with the certificates. We take them to Lynae to add to our account.

We have the option of holding the stock and hoping it will appreciate while we funnel off the proceeds. We can cash out the stock at our discretion.