

 Central Delaware Habitat for Humanity®	Policy Family DEVELOPMENT DEPARTMENT	
	Policy Name CDHFH Gift Acceptance Policy and Procedures	
Issuing Department (Policy Owner) Development		Approved By
Effective Date March 31, 2022	Release Date	Last Revised Date 03/07/2022
Scope This policy applies to all Central Delaware Habitat for Humanity entities, including Affiliate Office. Central Delaware Habitat for Humanity otherwise ensure that the intent of this policy is covered in the entity's existing policies.		

1. Purpose

The purpose of this document is to set forth the criteria that Central Delaware Habitat for Humanity Development Team uses to determine:

- a. "Appropriate Donors" – that decisions to partner with donors are made on an informed basis, particularly with regard to potentially controversial donors, with consideration given to CDHFH's charitable principles as well as CDHFH's reputation and perception amongst its other donors and the public – and;
- b. "Appropriate Gifts" – that a proposed gift is acceptable and that prospective donors and their advisors are informed of the types of gifts CDHFH accepts.

While these guidelines establish best practices, they are designed to provide flexibility in decision-making, as described below.

2. Background

CDHFH encourages the solicitation and acceptance of gifts for purposes that will help CDHFH grow and fulfill its mission of building homes, communities, and hope. The following policies and guidelines govern acceptance of gifts made to CDHFH or for the benefit of any of its endowment or any of its programs.

3. Related Reference(s)

Donor Bill of Rights

AFP Code of Ethical Standards

National Committee of Planned Giving

CDHFH Development Plan

CDHFH Fundraising Plan

4. Definitions/Terminology Clarification

References to “CDHFH” will be read to include the CDHFH Affiliate, ReStore, projects, and programs operated by CDHFH with significant Habitat for Humanity International support, or donations to our organization that involve tithing to other HFH and HFHI affiliates.

5. Policy

- a. Central Delaware Habitat for Humanity solicits and accepts gifts for purposes that will help the organization further and fulfill its mission. Central Delaware Habitat for Humanity urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences. The following policies and guidelines govern acceptance of gifts made to CDHFH for the benefit of any of its operations, programs or services.
- b. *Use of Legal Counsel.* CDHFH will seek the advice of outside legal counsel as appropriate on matters relating to acceptance of certain gifts or from certain donors. Review by outside legal counsel is usually sought in connection with:
 - (1) Closely held stock transfers that are subject to restrictions or buy-sell agreements;
 - (2) Documents naming CDHFH as Trustee;
 - (3) Gifts involving contracts, such as bargain sales or other documents requiring CDHFH to assume a legal obligation;
 - (4) Transactions with potential conflicts of interest or other ethics or code of conduct concerns;
 - (5) Donation of property such as land and/or building which includes, but not limited to houses, mobile home trailers, warehouse buildings;
 - (6) Gifts that by their nature may invoke IRS sanctions;
 - (7) Other instances in which use of counsel is deemed appropriate by CDHFH’s Board of Directors.
- c. *Communications with Donors.* CDHFH holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or a prospective donor will be granted only if permission is first obtained from the donor.
- d. *Conflict of Interest.* CDHFH does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective

donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. CDHFH endorses the Model Standards of Practice of the Charitable Gift Planner promulgated by the National Committee on Planned Giving (attached as Appendix A) and the Donor Bill of Rights promulgated by the Association of Fundraising Professionals (attached as Appendix B).

- e. *Restrictions on Gifts.* Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with CDHFH's mission, purposes and priorities. CDHFH will not accept gifts that are inconsistent with its mission, purposes or priorities or are judged too difficult to administer relative to their value to the organization. Restrictions on gifts that limit use for the benefit of a specific party, or must be passed through to a specific party, will be reviewed thoroughly for anti-money laundering, bribery or corruption, tax evasion or other ethical or legal issues.

(1) Central Delaware Habitat for Humanity will not accept controversial gifts that:

- a. Would result in CDHFH violating its mission and good standing status with Habitat for Humanity International
- b. Would result in CDHFH losing its status as an IRC § 501(c)(3) not-for-profit organization
- c. Are too difficult or too expensive to administer in relation to their value

- f. *CDHFH Development Team* will determine the appropriateness of donors by reviewing potentially controversial donors with the CDHFH Executive Director and determine the appropriateness of gifts by reviewing all gifts to HFHI other than cash and publicly traded securities. Additionally, the CDHFH Board of Directors will review all gifts referred to it by the Executive Director. This process consists of the following individuals:

(1) Definition of CDHFH Development Team:

- Executive Director
- Director of Development
- Director of Marketing
- ReStore Director
- Volunteer & Events Coordinator

(2) For determining Appropriateness of Donors:

- Director of Development
- Executive Director

- As it pertains to appropriateness of Donors in issues related to Diversity, Equity and Inclusion, the DEI Committee Chair will be included in the review.

(3) For determining Appropriateness of Gifts:

- The CDHFH Development Team
- Development Committee
- Governance Committee
- As it pertains to appropriateness of Gifts in issues related to Diversity, Equity and Inclusion, the DEI Committee Chair will be included in the review.
- As it pertains to appropriateness of Gifts not already scheduled as acceptable Donated Product for HFHI U.S. Affiliates (construction or Restore), first review will be conducted by (i) Director of Construction (ii) ReStore Director, with any disputes to be escalated to Executive Director and CDHFH Board of Directors
- CDHFH Board of Directors

- g.** The CDHFH Development Team is empowered to make decisions to accept or reject any particular donor or gift, provided that the team’s decision is unanimous. If the team’s decision is not unanimous, then it must report the majority’s recommendation as well as the minority’s objection(s) to the CDHFH Development Committee. Final decision-making power then rests with the Committee (or, if the Committee further elevates the question, with the Board of Directors).
- h.** The CDHFH Development Team is responsible for timely reporting its decisions on gift acceptance to the Development Committee and Board of Directors.
- i.** The CDHFH Development Team is also responsible for reviewing the Policy and Procedures at least annually, or more often as needed, to ensure that they remain consistent with applicable laws and the programs of Central Delaware Habitat for Humanity.
- j.** *Appropriate Donors/Potentially Controversial Donors*

The following categories of donors will be considered potentially controversial and therefore require review by the CDHFH Development Team:

- (1)** Prospective donors involved directly with manufacture, distribution, or sales of the following products or services:
- a.** *Alcoholic beverages, cannabis, or other intoxicating products:*
Donors whose business is the manufacture, distribution, or sale of:
- (1)** wine, beer, spirits or other alcoholic beverages;
- (2)** *cannabis, medical or otherwise; or*

- (3) *other controlled substances, particularly Schedule 1 controlled substances, i.e. with no currently accepted medical use and a high potential for abuse.*
- b. *Gambling:* Donors that operate casinos or racetracks, or otherwise sponsor gambling operations, including online gambling (for purposes of this definition, community-based fundraising activities like raffles, bingo games, poker runs and other games of skill or chance, where legal, do not constitute “gambling operations”).
 - c. *Multi-level marketing/Pyramid schemes:* Donors that recruit distributors (sometimes called “members,” “associates,” etc.) to sell goods or services, and promise to compensate them based, in whole or in part, on the number of new distributors they recruit.
 - d. *Pharmaceuticals:* Donors whose business includes the manufacture, distribution, or sale of controlled substances with medical use but high risk of abuse. This may also include companies who have been implicated in price gouging or anti-competitive behavior.
 - e. *Pornography:* Donors whose business is (a) the production, distribution, or sale of pornographic, or allegedly pornographic, material, or (b) the provision of sexually oriented adult entertainment or services.
 - f. *Tobacco products:* Donors whose business is the manufacture, distribution, or sale of cigarettes, cigars, or other tobacco products.
 - g. *Violence:* Donors that promote violence to an audience comprised, in substantial part, of children.
 - h. *Weapons:* Donors whose business is the manufacture, distribution, or sale of firearms, munitions or other weapons or related components designed to cause harm.
- (2) Prospective donors engaged in, or alleged to be engaged in, any of the following types of unethical business practices:
- a. *Child exploitation:* Donors that exploit child labor or otherwise harm children, or that are alleged to have done so.
 - b. *Environmental abuse:* Donors that intentionally or with reckless disregard cause, or are alleged to have caused, serious damage to the environment.
 - c. *Financial/accounting irregularities:* Donors that cause, or are alleged to have caused, significant harm to investors,

employees and the public as a result of illegal or inappropriate financial reporting or other accounting irregularities.

- d. *Unlawful employment practices:* Donors that engage in, or are alleged to have engaged in, a widespread pattern or practice of discrimination, harassment, or retaliation against employees on the basis of their gender, age, race, ethnicity, sexual orientation, gender identity, religion, disability, or other legally protected status.
 - e. *Unethical lending or predatory mortgage servicing practices:* Companies that engage in, or are alleged to have engaged in, abusive, unfair, deceptive, or fraudulent practices in relation to consumer lending or mortgage servicing, or that provide mortgages with excessively high interest and/or terms that make it unlikely that the borrower will be able to repay.
 - f. *Exploitation of the poor:* Companies that intentionally or with reckless disregard engage in activities that exploit the poor.
 - g. *Other Illegal Activities.* Companies that currently have been implicated in illegal or unethical activities, such as Anti-Money Laundering, bribery, corruption, regulatory violations
- k. The above categories are not exhaustive, but rather are intended to encompass a number of activities that would require consideration and a decision by the CDHFH Development Team. **It is not the intent of this policy to exclude all potentially controversial donors, but only to ensure that the appropriate leadership of the CDHFH Development Team and CDHFH Executive Director has properly reviewed such relationships.**
- l. *Sending Prospective Donor Issue to CDHFH Development Team.* All staff need proper approval from the Director of Development and Executive Director prior to active engagement of the above types of prospective donors. If contacted unsolicited by the above type of prospective donor, staff should clear the decision to continue with the Director of Development and Executive Director prior to further substantive discussion with the prospective donor. Staff should follow the established donor research due diligence process and use their best judgment in collaboration with their department leadership to assess whether a potential donor that is not within the categories above should nevertheless be reviewed by the CDHFH Development Team.
- m. In the CDHFH Development Team's deliberations for the appropriateness of donors, the following factors should be considered and weighed. Because each situation encompasses unique facts and circumstances, no one of the factors below is necessarily determinative of the decision.
- (1) Is the potential donor engaged in the manufacture, distribution, or sales of the potentially controversial products or services listed above?
- a. Further considerations could include whether the potential donor is a derivative foundation independent of corporate

management or direction; how prominent the potential donor is within the industry; how important the industry is to the donor's overall operations; whether the donor is divesting itself of its engagement in that industry.

- (2) Has the potential donor contributed to other non-profits that share similar mission, principles and/or constituency with CDHFH without controversy?
- (3) Is the potential donor involved in any other significant public controversy?
- (4) Does the potential donor suffer from any additional real or perceived public image problems?
- (5) Does CDHFH or HFHI already have a relationship with this donor?
 - a. How long has CDHFH partnered with this donor?
 - b. Have there been prior issues with this donor?
 - c. Has the donor taken steps to rectify the concern?
 - d. To what extent does CDHFH publicly recognize or provide other media (social or otherwise) benefits to the donor?
 - e. The CDHFH Development Team may review an already existing donor if new concerns arise with this donor. Should an issue arise with an existing donor, staff should inform their Executive Director and subsequently submit the concern to the CDHFH Development Committee for review. Any recommendation adverse to an already existing relationship will ultimately be reviewed by the CDHFH Development Committee presenting their recommended course of action.
- (6) To what extent does the potential donor propose to be publicly identified with Habitat?
- (7) Is there potential for significant, ongoing support from the potential donor?

n. *Appropriate Gifts*

- (1) The following gifts may be considered for acceptance by CDHFH and HFHI:
 - a. Cash
 - b. Real estate
 - c. Remainder interests in property
 - d. Bargain sales
 - e. Life insurance
 - f. Retirement plan beneficiary designations
 - g. Bequests
 - h. Life insurance beneficiary designations

- i. Donated Products already scheduled as acceptable Donated Product for U.S. Affiliates (i.e., “gift in kind” for construction or ReStore), subject to the review requirements of 5(e)(2) above

(2) The following criteria apply to the acceptance of gifts in these categories.

- a. Cash: Cash may be accepted in any negotiable form. Checks must be made payable to Central Delaware Habitat for Humanity, CDHFH, or Habitat for Humanity and should be delivered to Attn: Director of Development, Central Delaware Habitat for Humanity, 2311 S. Dupont Hwy. Dover, DE 19901, or wired to CDHFH via its wiring instructions as described in Appendix C.
- b. Real Estate: CDHFH will consider real estate property gifts. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Depending on the type and location of the real estate, CDHFH may require an initial environmental review of the property prior to acceptance to ensure that the property is free of environmental damage. In the event that the initial inspection reveals a potential problem, CDHFH may retain a qualified inspection firm to conduct an environmental audit. In most cases, the prospective donor should bear the cost of the initial environmental review and any subsequent environmental audit. When appropriate, a title binder shall be obtained by CDHFH prior to the acceptance of the real estate property gift. In most cases, the cost of the title binder should be borne by the donor.

The following criteria apply to gifts of real estate:

- Is the property useful for the purposes of CDHFH?
 - 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, liens, mortgages, or notes, etc., associated with the property?
 - Does the audit reflect that the property is free of environmental damage?
 - Are the benefits of receiving the property outweighed by the internal costs of managing and disposing of the real estate?
- c. Remainder Interests in Property: CDHFH may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph (d). At the

death of the life tenants, CDHFH may use the property or reduce it to cash. Where CDHFH receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness should typically be paid by the donor and/or primary beneficiary.

- d. Bargain Sales: CDHFH may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of CDHFH. All bargain sales must be reviewed and recommended by the Executive Director of CDHFH. In determining the appropriateness of the transaction, CDHFH will consider whether:
- The value of the property has been substantiated by an independent appraisal.
 - Any debt ratio assumed with the property is less than 50% of the appraised market value.
 - CDHFH will use the property, or there is a market for sale of the property allowing sale within 12 months of receipt.
 - The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined.

- e. Life Insurance: CDHFH must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, CDHFH will include the entire amount of the additional premium payment as a gift in the year that it is made.

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

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

Once the policy is accepted, life insurance holdings will be reviewed annually to determine whether it is best convert the policy to paid up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

- f. Retirement Plan Beneficiary Designations: Donors and supporters of CDHFH will be encouraged to name CDHFH as beneficiary of their retirement plans. Such designations will not be recorded as gifts to CDHFH until such time as the gift is irrevocable.

- g. Bequests: Donors and supporters of CDHFH will be encouraged to make bequests to CDHFH under their wills and

trusts. Such bequests will not be recorded as gifts to CDHFH until such time as the gift is irrevocable.

h. Life Insurance Beneficiary Designations: Donors and supporters of CDHFH will be encouraged to name CDHFH as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to CDHFH until such time as the gift is irrevocable.

o. Miscellaneous

- (1)** *Securing appraisals and legal fees for gifts to CDHFH*: It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to CDHFH
- (2)** *Valuation of gifts for development purposes*: CDHFH will record a gift received by CDHFH at its valuation for gift purposes on the date of gift. Acknowledgement of all gifts made to CDHFH and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Director of Development and the Finance Manager. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from www.irs.gov.
- (3)** *Disclosure provided for pooled funds*. CDHFH will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.

5. Other Considerations

Any gift, the acceptance of which could cause a violation of another CDHFH policy, must receive approval of the appropriate decision-makers under the other CDHFH policies. By way of example, the CDHFH Development Team is reminded that appropriate “Commitment Authorization” is required under the Delegation of Authority Policy when a transaction would subject CDHFH to particular obligations or commitments according to HFHI policy. (<http://my.habitat.org/kc/download-detail/g357f2/Delegation-of-Authority-Policy---HFHI>)

6. Attachment

Appendix A: Model Standards of Practice for the Charitable Gift Planner

Appendix B: The Donor Bill of Rights

Appendix C: CDHFH Payment Instructions

7. Change History

Date	Modification
Jan 2022	Affiliate Gift Acceptance Policy Developed

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 advisors 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.

APPENDIX B

The Donor Bill of Rights was created by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous organizations.

The 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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit 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 acknowledgement and recognition.
- VI. To be assured that information about their donation 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 donating and to receive prompt, truthful and forthright answers.

APPENDIX C

Payment Instructions

All payments to CDHFH will be transmitted (i) by check payable to “Central Delaware Habitat for Humanity”, “CDHFH”, or “Habitat for Humanity”, and mailed to Attn: Director of Development, CDHFH 2311 S. Dupont Hwy Dover, DE 19901 or (ii) through ACH transfer using the following wiring instructions:

IMPORTANT: In order to expeditiously process your wire please email the following information to astark@centraldelawarehabitat.org:

Central Delaware Habitat for Humanity

Contact Person:

Purpose of transfer:

Name of the Sender:

Date of initiating the transfer:

Amount:

Wiring Instructions:

Bank: Wells Fargo Bank, Atlanta, GA

ABA # 061000227

SWIFT Code: PNBPU33

Account Name: Habitat for Humanity International

Account #2000032278413

If you have any questions regarding payment, please contact the Finance Manager at 302-526-2366 or info@centraldelawarehabitat.org.