Goodwill Industries of South Texas, Inc

Policies and Procedures

GIFT ACCEPTANCE POLICY

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POLICY STATEMENT

It is the policy of Goodwill Industries of South Texas, Inc. ("Goodwill") to consider for acceptance unrestricted gifts and gifts which are restricted for specific programs and purposes, provided that such gifts will not reflect negatively on Goodwill and are consistent with Goodwill's stated mission, purposes, priorities and administrative capabilities.

The Gift Acceptance Policy ("Gift Policy") is to be used when soliciting, analyzing, accepting, denying and acknowledging any single gift to Goodwill valued in excess of $5,000. This Gift Policy is intended to help avoid unintended consequences, manage potential liability for all concerned, demonstrate Goodwill's commitment to excellence, and further support meaningful contributions to the communities served by Goodwill. Only the Executive Committee of the Board of Directors of Goodwill (the "Executive Committee") may accept and formalize any unusual gift (e.g. real estate, securities, trust) to Goodwill, and no gift or gift agreement may be accepted by Goodwill unless it complies with the requirements of this Gift Policy. Any variances must receive prior written approval by the Executive Committee.

GENERAL CRITERIA FOR ACCEPTING GIFTS

In considering whether to accept any gift and its value to Goodwill, the following factors shall be taken into account:

1. The nature of the asset subject to the gift;
2. The total return on investment of the gift;
3. The expected length of time for management by Goodwill of the gift or trust;
4. Factors that cannot be controlled by Goodwill but are subject to estimate, such as investment performance, life expectancy, etc.;
5. The donor's understanding of Goodwill's intent to sell all accepted gifts as soon as reasonably prudent and in its sole discretion, and to reinvest the proceeds from those gifts based on Goodwill's asset allocation, investment guidelines and portfolio mix.

PROCEDURES

Goodwill is committed to offering donors a full range of gift options. The following are examples of gifts, but gifts are not limited to these options, that may be considered for acceptance by Goodwill in the accordance with this Gift Policy:

TYPES OF GIFTS

1. *Cash*
   Cash may be accepted in any negotiable form. Checks are to be made payable to "Goodwill Industries of South Texas."

2. *High-Priced Tangible Personal Property (over $5,000)*
   Goodwill may consider for acceptance gifts of tangible personal property represented by the donor to be valued, either as a single item or as a collection, at more than $5,000.

   A gift of tangible personal property shall not be accepted if it is subject to significant restrictions, limitations, or unreimbursed additional expenses for its present or future use, display, maintenance, transfer, sale, insurance, storage, or other fees and costs. A donor may not require Goodwill to hold any tangible personal property for a minimum or specified period of time prior to sale or disposition. A gift of tangible personal property shall not be accepted if there is a condition, understanding, or expectation that the property will be loaned or sold back to the donor or the donor's family or designee. Goodwill shall sell all tangible personal property received by gift under this provision unless it is specifically needed for use or consumption related to the charitable purposes of Goodwill. Any such sales shall be to disinterested third parties.

   Gifts of such tangible personal property must be donated through the Goodwill Administrative Office and not through the customary process of donating goods at a Goodwill Donation Station. Personal property shall not be accepted by Goodwill if, upon consideration, Goodwill determines that the property cannot be liquidated at its fair market value within a reasonable period.

3. *Securities*
   Goodwill may consider for acceptance publicly traded securities and securities which are not publicly traded.

   Gifts of securities which are not publicly traded shall not be accepted without the written approval of the Executive Committee and consideration of (i) a recent and reliable appraisal of the securities acceptable to the Executive Committee and (ii) any documents imposing any restrictions or obligations on the holder of the securities. The Executive Committee shall/may review audited financial statements of the business entity as part of its analysis of the proposed gift of securities.

4. *Real Estate*

Goodwill may consider for acceptance gifts of real property and interests in minerals, including developed property and undeveloped property; provided, however, that working interests and limited partnership interests will not be accepted.

Gifts of real estate shall not be accepted without first being (i) personally visited by one or more members of the Executive Committee, Goodwill staff member, or appropriate agent or designee of Goodwill; and (ii) appraised, assessed, and inspected by a party or parties chosen by Goodwill who shall have no business or other relationship to the donor.

No real estate shall be accepted without the written approval of the Executive Committee pursuant to a written analysis of the marketability and potential use of the gift property.

Additional analysis shall be required before Goodwill will accept a gift of real estate encumbered by a mortgage, tax lien or any other encumbrances upon the real estate due to the financial burden to Goodwill and because the ownership of encumbered property may give rise to unrelated business income for Goodwill and disqualification of certain split interest gifts unless handled in a proper manner. Goodwill and the donor shall agree in writing regarding how and when the encumbrance will be removed prior to acceptance of the property.

The donor or prospect shall provide a preliminary environmental evaluation, questionnaire or disclosure statement which discloses any information regarding the presence or reasonable possibility of toxic materials, hazardous waste, oil seepage or other contaminants on the real estate. The Executive Committee shall require a recent preliminary environmental inspection (a Phase I Environmental Site Assessment) of the real property prepared by an assessor acceptable to Goodwill. Prior to accepting any gift of real estate or interest in minerals, Goodwill may retain a qualified inspection firm to conduct a comprehensive environmental audit of the property. The prospective donor shall be asked in advance to agree to bear the cost of the initial environmental inspection and any subsequent environmental audit. A gift may be declined on the basis of environmental conditions or potential environmental risks.

An owner's title insurance policy acceptable to Goodwill shall be required (the cost of which shall/may be borne by the donor) as a condition to the acceptance of any gift of real property or interest in minerals.

Arrangements for post-gift expenses regarding the real estate shall be agreed upon in writing between Goodwill and the donor prior to acceptance of the gift. Such expenses include taxes (including any tax roll-backs), assessments, insurance, maintenance costs and other expenses.

Any tangible personal property associated with gifts of real estate shall be segregated into separate gift proposals or agreements.

5. *In-Kind*

Goodwill may consider for acceptance in-kind gifts of goods and services which can be used by Goodwill in its existing or anticipated operations. The following considerations will apply when assessing gifts of goods and services:

- In-kind gifts are defined as donations of materials, facilities or services for use by Goodwill that are applicable to its necessary, normal, recurring budgeted expenses valued at $1,000 or more
- In-kind gifts must be donated through the Goodwill Administrative Office and not through the customary process of donating goods at a Goodwill Donation Station. In-kind gifts exclude all donations for resale in Goodwill stores
- Written documentation from the donor of the fair market value of in-kind contributions is required in recording the donation revenue and related expense

6. *Life Insurance*

Donors and supporters of Goodwill will be encouraged to name Goodwill as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to Goodwill until such time as the gift is irrevocable. Goodwill must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy may be recorded as a gift.

Goodwill shall accept a gift of a life insurance policy only if Goodwill is irrevocably named as owner and beneficiary of the policy, with all incidents ofownership intact in the policy and owned by Goodwill. Gifts of paid-up policies are preferred. If a policy which is not paid up is accepted by Goodwill, Goodwill shall not be under any obligation to continue to make premium payments, but may do so if the Executive Committee determines that it is in the best interest of Goodwill to do so.

If the donor contributes future premium payments, Goodwill will include the entire amount of the additional premium payment as a gift in the year that it is made.

Each life insurance holding shall be reviewed annually to determine whether it is in Goodwill's best interest to continue to pay the premiums, convert the policy to paid-up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

Goodwill will not, however, as a matter of course agree to accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy will be made only after researching state laws to assure that Goodwill has aninsurable interest under applicable state law.

In no event shall lists of Goodwill donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or Goodwill. The policy is based on the fact that this practice represents a potential conflict of interest, may cause donor relations problems, and may subject Goodwill to state insurance regulation should the activity be construed as involvement in the marketing of life insurance.

7. *Charitable Remainder Trusts*
Goodwill will encourage donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with donors to structure such agreements. However, Goodwill will not serve as trustee of a charitable remainder trust.

8. *Revocable Trust Agreements*
Goodwill shall encourage its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, Goodwill will not serve as trustee of a revocable trust agreement. Any gift to Goodwill pursuant to a revocable trust shall be subject to the same guidelines and restrictions as if the gift had been made to Goodwill during the donor's lifetime. Goodwill may disclaim any gift from a revocable trust if the Executive Committee determines it to be in the best interests of Goodwill to do so.

9. *Charitable Lead Trusts*
Goodwill may accept a designation as income beneficiary of a charitable lead trust. Goodwill will not accept appointment as trustee of a charitable lead trust.

10. *Retirement Plan Beneficiary Designations*
Donors and supporters of Goodwill will be encouraged to name Goodwill as a beneficiary of their retirement plans. Such designations will not be recorded as gifts to Goodwill until such time as the gift is irrevocable.

11. *Bequests*
Donors and supporters of Goodwill will be encouraged to make bequests to Goodwill under their wills and trusts. Such bequests will not be recorded as gifts to Goodwill until such time as the gift is irrevocable. Any gift or bequest to Goodwill under a Will or other testamentary instrument shall be subject to the same guidelines and restrictions as if the gift had been made to Goodwill during the donor's lifetime. Goodwill may disclaim any gift or bequest under a Will or other testamentary instrument if the Executive Committee determines it to be in the best interests of Goodwill to do so.

12. *Life and Remainder Interests in Property*
Normally, Goodwill shall not accept gifts of real estate or tangible or intangible personal property in which a donor has retained a life interest or estate in the property. This policy is based on the fact that such transfers are often not in the best interest of the donor involved, and there is potential for negative publicity for Goodwill should a donor have a need to sell the property to generate funds, only to find that a relatively small portion of the proceeds would be available to the donor as owner of the life estate.

    Such gifts may be accepted by approval of the Executive Committee in situations where (i) the asset involved appears to be a minor portion of the donor's wealth, (ii) the minimum fair market value of the property is at least $300,000 at the time of the gift, (iii) the minimum age for any measuring life on a life interest is at least sixty (60) years of age at the time of the gift, (iv) there are not more than two (2) measuring lifetimes for the life interest, (v) there is no annual income or annuity payment made by Goodwill in connection with the gift; (vi) the transfer is irrevocable or requires the prior written consent of the Executive Committee prior to the donor exercising any power to sell the property during the donor's lifetime and (vii) the Executive Committee is satisfied that there has been full disclosure to the donor of the possible future ramifications of the transaction.

FEES OR COMMISSION

1. Goodwill will not pay a fee to any person as consideration for directing a gift to Goodwill.

2. Goodwill will not pay a commission or finder's fee of any type to any party in connection with the completion of a gift to Goodwill.

3. Goodwill will pay reasonable fees for professional services rendered in connection with the completion of a gift to Goodwill. The Executive Committee shall review the reasonableness of such fees and shall approve such fees for payment provided that:

   A. Such fees will be paid only following discussion with and approval by the donor.
   B. Fees shall be reasonable, and directly related to the completion of a gift. They shall be limited to appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest, legal fees for the preparation of documents, accounting fees incident to the transaction, and fees of "fee for service" financial planners. In the case of financial planners, such persons must verify in writing that they are compensated only through fees for services rendered and that they are not compensated for the sale of products to clients. The distinction is vital in avoiding the payment of commissions which could be construed as triggering securities regulation.
   C. In cases where the persons receiving fees were initially employed by the donor and Goodwill is asked to pay the fees involved, the donor shall be notified that the payment of such fees may result in taxable income to the donor in the amount of the fees paid.
   D. In situations where advisors retained by Goodwill prepare documents or render advice in any form to Goodwill and/or a donor to Goodwill, it shall be disclosed to the donor that the professional involved is in the employment of Goodwill and is not acting on behalf of the donor and that any documents or other advice rendered in the course of the relationship between Goodwill and the donor should be reviewed by counsel for the donor prior to completion of the gift.

COMMUNICATION WITH DONORS

Goodwill shall hold in strict confidence all communication with donors and information concerning donors and prospective donors, including without limitation, the amount of a gift, the size of an estate, or beneficiaries of an estate.

A donor or the family member or personal representative of a deceased donor may grant permission to Goodwill to publicly announce or recognize a gift.

Goodwill shall not offer or purport to offer tax or legal advice to donors or prospects. All prospects and donors shall be advised to seek their own legal counsel in matter relating to their gifts, tax, and estate planning. In particular, donors and prospects shall be informed that Goodwill cannot take into consideration the effect of state or federal laws or taxes may have upon the suitability of a gift or upon the terms of a gift agreement.

ACKNOWLEDGEMENT OF GIFT

Acknowledgement of gift accepted by Goodwill and compliance with current IRS requirements related to qualified appraisals and appraisers and acknowledgement of such gifts shall be the responsibility of the CEO or his/her designee. Proper receipts will be provided to each donor in a timely manner and appropriate reporting forms will be used for all gift property sold by Goodwill within two years of the date of contribution.

VALUATION OF GIFTS FOR FUND DEVELOPMENT PURPOSES

Goodwill shall not be responsible for furnishing a donor are with property appraisals or valuations for gifts to Goodwill. Goodwill shall not, under any circumstances, participate in a gift or other transaction in which the value of the gift is known to have been significantly inflated above its true fair market value in order to obtain a tax advantage for a donor. Goodwill shall record any accepted gift at its valuation for gift purposes on the date of gift or as otherwise required under Generally Accepted Accounting Principles.

ETHICS AND CONFLICT OF INTEREST

Although Goodwill works with donors to explore gift options, Goodwill shall not provide personal, legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors shall be strongly urged to seek assistance of their own professional advisors in matters relating to their gifts and the resulting tax, estate planning and other consequences.

Goodwill follows the Model Standards of Practice for the Charitable Gift Planner (Appendix A) and Donor Bill of Rights (Appendix B).

Appendix A

MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

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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 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 finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is 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 Advisers

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 advisers 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 Planner, 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 Planner 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
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 assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit 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 acknowledgment and recognition.

VI. To be assured that information about their donations 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 making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.