

The Provision House Principles for Good Governance and Ethical Practice

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Legal Compliance and Public Disclosure

1 Provision House complies with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is based or operates. If Provision House conducts programs outside the United States, it must also abide by applicable international laws, regulations and conventions that are legally binding on the United States.

Charitable organizations are subject to a range of federal, state, and local laws. Provision House's governing board is ultimately responsible for overseeing and ensuring that the ministry complies with all its legal obligations and for detecting and remedying wrongdoing by management. While board members are not required to

have specialized legal knowledge, they should be familiar with the basic rules and requirements with which Provision House must comply and should secure the necessary legal advice and assistance to structure appropriate monitoring and oversight mechanisms.

2 Provision House has formally adopted a written code of ethics with which all of its directors, officers, staff and volunteers are familiar and to which they adhere.

Adherence to the law provides a minimum standard for an organization's behavior. Provision House goes beyond that.

Each organization should also have a code of ethics that outlines the practices and behaviors that its staff, board, and volunteers agree to follow. The adoption of such a code, though not required by law, helps demonstrate Provision House's commitment to carry out its responsibilities ethically and effectively. The code is built on the values that Provision House embraces, and highlights expectations of how those who work with the ministry will conduct themselves in a number of areas, such as the confidentiality and respect that

should be accorded to users of its services, donors, volunteers and board and staff members.

The board and staff have implemented a code that fits the ministry's statement of faith and its mission. A discussion of the code of ethics occurs in orientation sessions for new board and staff members and volunteers, and the board and staff regularly addresses adherence to the code in their ongoing work.

Please refer to *Appendix A* to read *The Provision House Code of Ethics*.

3 Provision House adopts and implements policies and procedures to ensure that all conflicts of interest, or the appearance thereof, within the ministry and the board are appropriately managed through disclosure, recusal, or other means.

A conflict of interest arises when a board member or staff person's duty or loyalty to the ministry comes into conflict with a competing financial or personal interest that he or she (or a relative) may have in a proposed transaction. Some such transactions are illegal, some are unethical, but others may be in the best interest of the ministry as long as certain clear procedures are followed.

This policy requires full disclosure of all potential conflicts of interest within the ministry. It applies to every person who has the ability to influence decisions of the ministry, including board members, officers, staff and parties related to them.

Board members, officers, and staff are to disclose any interest they have in a transaction or matter that is before the ministry where that interest could be reasonably viewed by others as affecting the objectivity or independence of the decision maker, even if the interest is not the result of the officer, staff or board member having a formal affiliation with some other party. The practice of full disclosure is fostered particularly at board meetings, and the fact of any conflict and the action taken in response, including abstention, is recorded in the minutes.

Our conflict-of-interest policy distinguishes between situations that give the *appearance* of a conflict and those that involve a *material* conflict where an officer, board, or staff member has a direct or indirect financial interest in transactions with the ministry. There is a transparent process in place, in which board members engage, to understand the nature of the conflict and whether it can be appropriately managed.

All board members, officers, and senior staff members are required to sign an annual conflict-of-interest policy statement and to disclose any material conflicts of interest, both at the time they join the ministry and at the beginning of each new board year.

When senior employees, board members, or officers or their family members have a material conflict of interest in a matter being considered by the board or the staff, they must refrain from attempting to influence other decision-makers regarding the matter. Board members with a material conflict of interest are required by law to recuse themselves from board discussions and votes regarding those matters, other than to respond to information requests.

Please see Article VII – Conflict of Interest Policy, *Section 1 – Conflict of Interest Policy* in *Appendix B, Bylaws of Provision House*.

4 Provision House enables individuals to come forward with information on illegal practices or violations of organizational policies. This “whistleblower” policy specifies that the ministry will not retaliate against, and will protect the confidentiality of individuals who make good-faith reports.

Provision House has a clear policy and procedure allowing staff, volunteers, or users of the ministry’s services to report suspected wrongdoing within the ministry without fear of retribution. Information on these policies is distributed to staff, volunteers and users of the ministry’s services, and is incorporated both in new employee orientations and ongoing training programs for employees and volunteers. These policies help the board, officers, and senior managers become aware of and address problems before serious harm is done to the ministry. The policies also assist in complying with legal provisions that protect individuals working in charitable organizations from retaliation for engaging in certain whistle-blowing activities. Violation of

such provisions may subject organizations and the individuals responsible for violations to civil and criminal sanctions.

The Provision House policy protects people who report wrong-doing and generally covers suspected incidents of theft; financial reporting that is intentionally misleading; improper or undocumented financial transactions; improper destruction of records; improper use of assets; violations of the ministry’s conflict-of-interest policy; and any other improper occurrences regarding cash, financial procedures, or reporting.

Please see *Appendix C, Whistleblower Protection Policy*.

5 Provision House protects and preserves the ministry’s important documents and business records.

Our document retention policy, consistently monitored over time, is essential for protecting the ministry’s records of its governance and administration, as well as business records that are required to demonstrate legal compliance. This policy also helps to protect against allegations of wrongdoing by the ministry or its directors, officers, and managers. Board members, officers, staff, and volunteers are made thoroughly familiar with the policy and informed of their responsibilities in carrying it out. The policy addresses the length of time specific types of documents must be retained, as well as when it is permissible to destroy specific types of documents. The policy provides

guidance to staff and volunteers for paper and electronic documents, files and e-mail messages.

Charitable organizations are required to maintain permanently their organizational documents, board minutes and policies, and materials related to their state and federal tax-exempt status. Other documents related to the governance, administration, fundraising, and programs of the organization must be kept in paper or electronic form for specific periods, depending on applicable laws and reporting requirements.

Please see *Appendix C, Provision House Records Retention Policy*.

6 The board ensures that the ministry has adequate plans to protect its assets—its property, financial and human resources, programmatic content and material, and its integrity and reputation—against damage or loss. The board regularly reviews the ministry’s need for general liability and directors’ and officers’ liability insurance, as well as takes other actions necessary to mitigate risks.

The Board of Provision House is responsible for understanding the major risks to which the ministry is exposed, reviewing those risks on a periodic basis, and ensuring that systems have been established to manage them. The level of risk to which the ministry is exposed and the extent of the review and risk management process will vary considerably based on the size, programmatic focus, geographic location, and complexity of the ministry’s operations, particularly as it experiences growth and expansion.

Risk management generally includes a review of potential risks to the ministry’s significant assets, such as its property, its good will, and its key programs and activities, and decisions

about the most appropriate ways to protect those assets from loss.

Board members may have personal liability for fines and other penalties as a result of certain legal violations, such as failure to pay required payroll and other taxes or approval of excess benefit or self-dealing transactions. Federal and some state volunteer liability laws provide some safeguards for board members who are not compensated, other than receiving reimbursement of expenses, and who act in good faith.

The board periodically assesses the ministry’s need for insurance coverage based on its program activities and financial capacity.

7 Provision House makes information about its operations, including its governance, finances, programs and activities, widely available to the public. Provision House also makes information available on the methods used to evaluate the outcomes of its work and shares the results of those evaluations.

Filing an accurate and complete annual information return with the IRS is a legal requirement. Those returns serve as a primary source of information about finances, governance, operations and programs for federal regulators, the public and many state charity officials. Beyond this basic requirement, Provision House demonstrates its commitment to accountability and transparency by offering additional information about what it does and how it operates.

A key method for communicating about Provision House’s work is its

website. The website links directly to the ministry’s most recent IRS Form 990 return. The website also provides essential information on the ministry’s vision and mission statements; staff member biographies; the doctrinal statement; and this document.

Information on the ministry’s results and how they are measured is routinely published on the website in various forms, including reports and articles.

More information about program evaluation is provided in principle #19.

Effective Governance

8 Provision House has a governing body that is responsible for reviewing and approving the ministry's mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.

The board of directors bears the primary responsibility for ensuring that Provision House fulfills its obligations to the law, its donors, its staff and volunteers, users of its services, and the public at large. The board must protect the assets of the ministry and provide oversight to ensure that its financial, human and material resources are used appropriately to further the ministry's mission. The board also establishes broad

policies and direction that enable the ministry to fulfill its purpose.

The board is responsible for selecting, overseeing, and if necessary, terminating the executive director. The board has a direct role in overseeing the ministry's programs and services and works as a strategic partner to the staff leadership in ensuring that the ministry meets its goals and commitments.

9 The Board of Provision House meets regularly to conduct its business and fulfill its duties.

Regular meetings provide the chief venue for board members to review the ministry's financial situation and program activities, establish and monitor compliance with key organizational policies and procedures, and address issues that affect the ministry's ability to fulfill its mission.

Provision House ensures that their governing documents satisfy legal requirements in establishing rules for board activities, such as quorum requirements and

methods for notifying board members about meetings. The board establishes and implements an attendance policy that requires board members to attend meetings regularly. The board may choose to conduct its business through conference calls or forms of online communication that permit members to hear and be heard by all other participants. In such cases, the meeting minutes specify that such alternative methods of holding meetings were used.

10 The Board of Provision House establishes its own size and structure and reviews these periodically. The board ensures it has enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters.

11 The board includes members with the diverse background, experience, and organizational and financial skills necessary to advance the organization’s mission.

Because the board must ensure that, in particular, all financial matters of the ministry are conducted legally, ethically and in accordance with proper accounting rules, it ensures that at least one member has “financial literacy” —that is, the ability to

understand financial statements, to evaluate the bids of accounting firms that may undertake an audit or review and to assist the board in making sound financial decisions.

12 A substantial majority of the board, at least two-thirds of the members, are independent. Independent members: (1) are not compensated by the organization as employees (2) do not receive, directly or indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization; and (4) are not related to anyone described above (as a spouse, sibling, parent or child), or reside with any person so described.

All directors of nonprofit corporations have a “duty of loyalty” that requires them to put the interests of the organization above their personal interests and to make decisions they believe are in the best interest of the ministry. Individuals who have a personal

financial interest in the affairs of a charitable organization may not be as likely to question the decisions of those who determine their compensation or fees or to give unbiased consideration to changes in management or program activities.

13 The board hires, oversees, and annually evaluates the performance of the executive director of the organization, and conducts such an evaluation prior to any change in that officer’s compensation, unless there is a multi-year contract in force or the change consists solely of routine adjustments for inflation or cost of living.

The board of directors has the authority to delegate responsibility for maintaining the daily operations of the ministry to the executive director. One of the most important responsibilities of the board, then, is to select, supervise, and determine a compensation package that will attract and retain a qualified chief executive who shares both the vision and mission of the ministry. The ministry’s governing documents require the full board to evaluate the performance and approve the compensation of the executive director annually and in advance of any change in compensation. The board may choose to approve a multi-year contract with the executive director that provides for increases in compensation periodically or

when the executive director meets specific performance measures, but it is important that the board institute some regular basis for reviewing whether the terms of that contract have been met. If the board designates a separate committee to review the compensation and performance of the executive director, that committee should be required to report its findings and recommendations to the full board for approval and should provide any board member with details, upon request. The board should then document the basis for its decision and be prepared to answer questions about it.

When determining the reasonableness of the compensation package paid to the executive director, the board should ensure that the individuals involved in making the compensation recommendation do not have a conflict of interest with regard to the executive. The board or its committee should examine the compensation paid by similarly situated organizations, both taxable and non-taxable, for functionally comparable positions. The committee may turn to compensation surveys compiled by independent. While it could be difficult to locate salary surveys or other data to establish comparable values for executive compensation within the geographic area or field of operation, the board should still seek objective external data to support its compensation decisions.

If the board uses compensation consultants to help determine the appropriate salary for the executive director, the consultant should report directly to the board or its compensation committee and should not be engaged in other business with or have any conflicts of interest with regard to the executive director.

The board is responsible for hiring and establishing the compensation of the executive director and for approving the compensation range of other persons in a position to exercise substantial control of the organization's resources. It is the responsibility of the executive director to hire and set the compensation of other staff, consistent with reasonable compensation guidelines set by the board. If the executive director finds it necessary to offer compensation that equals or surpasses his or her own, in order to attract and retain certain highly qualified and experienced staff, the board should review the compensation package to ascertain that it does not provide an excess benefit.

The board or a designated compensation committee should also review the overall compensation program, including salary ranges and benefits provided for particular types of positions, to assess whether the compensation program is fair, reasonable, and sufficient to attract and retain high-quality staff.

14 The board ensures that the positions of executive director, board chair, vice-chair, board treasurer, and board secretary are held by separate individuals.

Concentrating authority for the ministry's governance and management practices ensures valuable checks and balances and that personal concerns do not take precedence over the best interests of the ministry. Both the board chair and the treasurer should be independent of the executive director to provide appropriate oversight of the executive's performance and to make fair and impartial judgments

about the appropriate compensation of the executive.

When the board deems it is in the best interests of the ministry to have the executive director serve as the board chair, the board will appoint another board member as vice-chair to handle issues that require a separation of duties, such as reviewing the responsibilities, performance or compensation of the chief executive.

15 The board has an effective, systematic process for educating and communicating with board members to ensure that they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively.

Most people volunteer for boards because of a commitment to the mission of the organization and the value of the organization's work to society. Yet they may not have the training or information necessary to understand adequately their fiduciary responsibilities or common practices of boards of charitable organizations.

A board orientation process fills this need by detailing the broad oversight responsibilities of the board and the specific legal and ethical responsibilities of individual members. Members are made aware of their personal liability for the board's actions, or for its failure to take

action, and of the protections available to them.

Board members receive written instruction regarding the organization's governing documents, finances, program activities, and governing policies and practices.

The ongoing process of board education includes ensuring that members have received and reviewed sufficient information on the issues to be addressed at each board meeting. Agendas and background materials are distributed far enough in advance of all board meetings so that all members can be expected to read and consider the issues prior to attending the meeting.

16 Board members evaluate their performance as a group and as individuals annually, and have clear procedures for removing board members who are unable to fulfill their responsibilities.

This regular process of evaluating the board's performance identifies strengths and weaknesses of its processes and procedures and provides insights for strengthening orientation and educational programs, the conduct of board and committee meetings, and interactions with board and staff leadership. See *Appendix E* to review the Provision House Board self-assessment form.

The board establishes clear guidelines for the duties and responsibilities of each member, including meeting attendance, preparation and participation; committee assignments; and the kinds of expertise board members are expected to have or develop in order to provide effective governance.

Removing a non-performing board member requires the action of the full board.

17 The board establishes clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve.

18 The board reviews organizational and governing instruments no less frequently than every five years.

Regular reviews of the ministry's articles of incorporation, bylaws and other governing instruments help the board ensure that the ministry is abiding by the rules it has set for itself and determine whether changes need to be made to those instruments. The board may choose to delegate some of this deliberation to a committee, but the full

board considers and acts upon the committee's recommendations. If it becomes impractical or no longer feasible to carry out the purposes of the ministry as outlined in its articles of incorporation, the board should take appropriate action to amend the articles and to file the amended articles with state officials, as required.

19 Board members are expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board duties

20 The board establishes and reviews regularly the ministry's mission and vision and evaluates, no less frequently than every five years, the organization's programs, vision, and activities to be sure they advance its mission and make prudent use of its resources.

As stewards of the public's trust and the resources invested in the ministry, board members have an obligation to ensure that the ministry uses its resources as effectively as possible to advance its mission. Therefore, the board sets strategic goals consistent with the ministry's mission and vision and reviews them annually, generally as part of the annual budget review process. This review addresses current needs and anticipated changes in the community or program area in which the ministry operates

that may affect future operations. It also considers the financial and human resources that are needed to accomplish the ministry's goals.

Although discussions of individual program activities and accomplishments are typical of most board meetings, these are not a substitute for a more rigorous periodic evaluation of the organization's overall impact and effectiveness in light of mission and objectives that the board has approved.

Strong Financial Oversight

21 Provision House keeps complete, current, and accurate financial records. The board receives and reviews timely reports of the organization's financial activities and has a qualified, independent financial expert review these statements annually in a manner appropriate to the organization's size and scale of operations.

Complete and accurate financial statements are essential for Provision House to fulfill its legal responsibilities and for its board of directors to exercise appropriate oversight of the ministry's financial resources.

Financial statements are prepared in accordance with generally accepted accounting principles and standards. The

board ensures that it has its annual financial statements audited or reviewed as required by law in the state(s) in which it operates. When an audit is not legally required, a financial review by the corporate certified public accountant provides the board, regulators and the public with assurance of the accuracy of the organization's financial records.

22 The board institutes policies and procedures to ensure that the ministry manages and invests its funds responsibly, in accordance with all legal requirements. The full board reviews and approves the organization's annual budget and monitors actual performance against the budget.

Sound financial management is among the most important responsibilities of the board of directors. The board establishes clear policies to protect the ministry's financial assets and ensure that no one person bears the sole responsibility for receiving, depositing, and spending its funds. Day-to-day accounting and financial management is the responsibility of the executive director. The board is responsible for reviewing practices and reports to ensure that the executive director is adhering to the board-approved policies.

The ministry's annual budget reflects the programs and activities the organization undertakes in the coming year and the resources it will need to raise or generate to support those activities. Careful review of regular financial reports showing both budgeted and actual expenditures and revenues permits the board to determine whether adjustments must be made in

spending to accommodate changes in revenues. Financial reports also reflect how the ministry has adhered to any restrictions placed on funds by donors or grant programs.

Prudent financial oversight requires that the board look beyond monthly or annual financial reports to consider how the organization's current financial performance compares with that of previous years and how its financial future appears. If the ministry's net assets have been declining over a period of years, or if future funding seems likely to change significantly, the board may need to take steps to achieve or maintain stability.

When Provision House has built sufficient reserves to allow for investments, the board is responsible for establishing policies that govern how the funds will be invested and what portion of the returns, if any, can be used for immediate operations or programs.

23 Provision House does not provide loans (or the equivalent, such as loan guarantees, purchasing or transferring ownership of a residence or office, or relieving a debt or lease obligation) to directors, officers, or trustees.

While there may be circumstances in which the ministry finds it necessary to offer loans to staff members, there is no justification for making loans to board members.

When the ministry deems it necessary to provide loans to an employee—for example,

to enable a new employee of a charity to purchase a residence near the organization's offices—the terms of such loans should be clearly understood and approved by the board. Such loans then must be reported on the ministry's annual information returns (Forms 990 and 990-PF).

24 Provision House spends a significant percentage of its annual budget on programs that pursue its mission. The budget also provides sufficient resources for effective administration of the ministry and for appropriate fundraising activities.

Provision House has an obligation to devote its resources to the charitable purposes for which it was granted tax exemption, and to spend donated funds on the programs and activities for which the funds were contributed. At the same time, the ministry requires effective management and administration. Administrative activities include financial and investment management, personnel services, recordkeeping, soliciting and managing contracts, legal services, and supporting the governing body of the organization. Not only do these elements ensure that the ministry complies with all legal requirements, but they also help provide

complete, accurate, and timely information to donors, the public, and government regulators.

Qualified personnel are crucial for providing programs, recruiting and managing volunteers, raising funds, and ensuring proper administration. The costs of compensating personnel, including salaries and benefits, must be allocated to the particular functions they perform for the ministry based on appropriate records.

The board reviews the budget and financial reports to determine whether the ministry is allocating its funds appropriately.

25 Provision House establishes clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation required. Such policies require that travel on behalf of the organization is to be undertaken in a cost-effective manner.

Provision House’s travel policies are not ambiguous and are easy to follow, and reflect the ministry’s principled judgment about what it considers “reasonable” expenditures for individuals who must travel to conduct business on its behalf. These policies include procedures for properly documenting expenses incurred and their organizational purpose.

As a general practice, travel policies ensure that the business of the ministry is carried out in a cost-effective manner. Decisions on travel expenditures are based on how best to further the organization’s mission, rather than on the title or position of the person traveling.

Donor funds are not be used for premium or first-class travel, but the board retains the flexibility to permit exceptions when they are deemed to be in the ministry’s best interest. Such exceptions, if any, should be explicit, consistently applied, and transparent to board members and others associated with the ministry.

Provision House’s policies reflect the requirements and restrictions on travel expenditures imposed under current law. The detailed guidance provided in IRS Publication 463: Travel, Entertainment, Gift and Car Expenses serves as a guide for avoiding lavish, extravagant or excessive expenditures.

26 Provision House neither pays for nor reimburses travel expenditures for spouses, dependents or others who are accompanying someone conducting business for the organization unless they, too, are conducting such business.

If, in certain circumstances, the ministry deems it proper to cover expenses for a spouse, dependent, or other person accompanying someone on business travel, the payment generally must, by law, be treated as compensation to the individual

traveling on behalf of the organization. This principle does not apply to de minimis expenses such as the cost of a meal at ministry functions where participants are invited to bring a guest.

Responsible Fundraising

27 Solicitation materials and other communications addressed to donors and the public must clearly identify the ministry and be accurate and truthful.

A donor has the right to know the name and location of the ministry that will receive the contribution, a clear description of its activities, the intended use of the funds to be raised, a contact for obtaining additional information, and whether the individual requesting the contribution is acting as a volunteer, employee of the organization, or hired solicitor. See *Donor's Bill of Rights* in *Appendix F*.

A copy of the IRS letter of determination designating Provision House as a 501(c)(3) and able to receive tax deductible donations can be read in *Appendix G*. If a solicitation promises any goods or services to the donor in exchange for contributions, the materials will clearly indicate the portion of the contribution (that is, the value of any goods or services provided) that is not tax-deductible.

28 Contributions will be used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor.

When a donor responds to a charitable solicitation with a contribution, he or she has a right to expect that the funds will be used as promised. Solicitations will therefore indicate whether the funds they generate will be used to further the general programs and operations of the ministry or to support specific programs or types of programs. A donor may also indicate through a letter, a written note on the solicitation, or a personal conversation with the solicitor or another official of Provision House how he or she expects the contribution to be used.

In some cases, Provision House may not receive sufficient contributions to proceed

with a given project or it may receive more donations than it needs to carry out that project. If Provision House is unable or unwilling to use the contribution as stated in its appeal or in the donor's communication, it has an obligation to contact the donor and request permission to apply the gift to another purpose or offer to return the gift.

Provision House carefully reviews the terms of any contract or grant agreement before accepting a donation. If Provision House will be unable or unwilling to comply with any of the terms requested by a donor, it will negotiate any necessary changes prior to concluding the transaction.

29 Provision House provides donors with specific acknowledgments of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donor's compliance with tax law requirements.

If goods or services are provided in exchange for or in recognition of the contribution, an acknowledgement will include a good-faith estimate of the fair market value of those goods or services—that is, the amount the donor would have to pay to purchase those goods or services independently. Provision House does not have to include information on fair market value in a donor acknowledgement if that value is considered insubstantial

according to IRS Publication 1771, currently not more than 2 percent of the contribution or \$96, whichever is less (the IRS changes these periodically). Donor acknowledgements are issued prior to January 31st in the year immediately following the year the donation was made unless the donor requests otherwise. IRS publication 1771 may be accessed at <http://www.irs.gov/pub/irs-pdf/p1771.pdf>

30 Provision House has adopted clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its ethics, financial circumstances, ministry focus or other interests.

Charitable contributions have the potential to create significant problems for both a ministry and a donor. Knowingly or not, contributors may ask to disburse funds for illegal or unethical purposes, and other gifts may subject the organization to liability under environmental protection laws or other rules. Some types of corporate sponsorships or interests in corporate stock or assets may result in unrelated business income for the ministry. A gift-acceptance policy provides protection for the board and staff, as well as for donors, by outlining the rules and procedures by which an organization will evaluate whether it can accept a contribution even before an offer is actually made. The policy makes clear that

the ministry generally will not accept any non-cash gifts that are counter to or outside the scope of its mission and purpose, unless the item is intended for resale or would otherwise produce needed revenue for the organization. It lists any funding sources, types of contributions, or conditions that would prevent the ministry from accepting a gift. The ministry has established rules and procedures for determining whether a gift is acceptable and identifies circumstances under which a review by legal counsel or other experts would be required before accepting a gift. You may read the *Provision House Gift Acceptance Guidelines* in *Appendix H*.

31 Provision House provides appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities and applicable federal, state and local laws, and do not employ techniques that are coercive, intimidating, or intended to harass potential donors.

A charitable organization may be legally responsible when those who solicit on its behalf engage in illegal or fraudulent practices. Provision House therefore ensures that its fundraisers are respectful of a donor's concerns and do not use coercive or abusive language or strategies to secure contributions, misuse personal information about potential donors, pursue personal relationships that are subject to misinterpretation by potential donors, or mislead potential donors in other ways. All those who solicit contributions on Provision House's behalf, including volunteers, are provided with clear materials and instructions on what information to provide

to prospective donors, including the ministry's name and address, how the donor can learn more about the ministry, the purposes for which donations will be used, whether all or part of the donation may be tax-deductible, and who the donor can contact for further information.

In general, those soliciting funds on behalf of Provision House must refrain from giving specific legal, financial and tax advice to individual donors. Rather, when such questions arise, fundraisers should encourage donors to consult their own legal counsel or other professional advisors before finalizing a contribution.

32 Provision House does not compensate internal or external fundraisers based on a commission or a percentage of the amount raised.

Basing compensation on a percentage of the money raised can encourage fundraisers to put their own interests ahead of those of the ministry or the donor and may lead to inappropriate techniques that jeopardize the ministry's values and reputation and the donor's trust in the organization. Percentage based compensation may also lead to payments that could be regarded by legal authorities or perceived by the public as "excessive compensation" compared to the actual work conducted.

A similar logic applies to employees. If Provision House chooses to provide bonuses to employees for exceptional work in fundraising, administrative, or program activities, the criteria for such bonuses should be clearly based on the quality of the work performed rather than on a percentage of the funds raised.

Compensation for fundraising activities should reflect the skill, effort, and time expended by the individual or firm on behalf of Provision House.

33 Provision House respects the privacy of individual donors and, except where disclosure is required by law, does not sell or otherwise make available the names and contact information of its donors.

Preserving the trust and support of donors requires that donor information be handled with respect and confidentiality to the maximum extent permitted by law.

Appendix A

The Provision House Code of Ethics

Code of Ethics for Employees and Volunteers of Provision House

As an employee or volunteer of Provision House and in obedience to Jesus Christ, I accept Christ's call to be involved responsibly in the ministry, confirm that Jesus Christ is the example for my life and ministry and, relying on God's grace, commit myself to the following standards of ethical conduct:

I will conduct my life in a manner that is faithful to the gospel and consistent with my role in the ministry of Provision House. Therefore, I will:

1. Practice the disciplines of Bible study, prayer, worship, stewardship, and service.
2. Be honest and truthful in my relationships with others.
3. Be faithful, keeping the commitments I make and honoring marriage vows.
4. Treat all persons with equal respect and concern as beloved children of God.
5. Maintain a healthy balance among the responsibilities of my life's work and ministry, my commitments to family and other primary relationships, and my need for spiritual, physical, and emotional renewal.
6. Refrain from abusive, addictive, or exploitative behavior and seek help to overcome such behaviors if they occur.
7. Refrain from gossip and abusive speech.
8. Seek to be motivated only by love from a pure heart, a good conscience, and a sincere faith, in order to be a vessel for honor, sanctified, useful to the Master, prepared for every good work.
9. Maintain an attitude of humility, forgiveness, gentleness, patience, and peace.

I will conduct myself within Provision House so that nothing need be hidden from sisters and brothers in Christ. Therefore, I will:

1. Bear witness to the gospel of Jesus Christ with courage, speaking the truth in love.
2. Honor the sacred trust of relationships within the ministry and observe appropriate boundaries.
3. Be judicious in the exercise of the power and privileges of positions of responsibility I hold.
4. Avoid conflicts of interest that might compromise my witness and relationships.
5. Refrain from exploiting relationships for personal gain or gratification.
6. Respect the privacy of individuals and not divulge information obtained in confidence without express permission unless an individual is a danger to self or others.
7. Recognize the limits of my own gifts and training and refer persons and tasks to others as appropriate.
8. Be a faithful steward of and fully account for funds and property entrusted to me.
9. Accept and endorse the Provision House Principles for Good Governance and Ethical Conduct.

Code of Ethics for Leaders of Provision House, including Board Members and the Executive Director

As a leader of Provision House, in obedience to Jesus Christ and under the authority of Scripture, I accept Christ's call to be involved responsibly in the ministry, confirm that Jesus Christ is the example for my life and ministry and, relying on God's grace, commit myself to the following standards of ethical conduct:

I will conduct my life in a manner that is faithful to the gospel and consistent with my role in the ministry. Therefore, I will:

1. Practice the disciplines of Bible study, prayer, worship, stewardship, and service.
2. Be honest and truthful in my relationships with others.
3. Be faithful, keeping the commitments I make and honoring marriage vows.
4. Treat all persons with equal respect and concern as beloved children of God.
5. Maintain a healthy balance among the responsibilities of my office of ministry, my commitments to family and other primary relationships, and my need for spiritual, physical, emotional, and intellectual renewal.
6. Refrain from abusive, addictive, or exploitative behavior and seek help to overcome such behavior if they occur.
7. Refrain from gossip and abusive speech.
8. Seek to be motivated only by love from a pure heart, a good conscience, and a sincere faith, in order to be a vessel for honor, sanctified, useful to the Master, prepared for every good work.
9. Maintain an attitude of humility, forgiveness, gentleness, patience, and peace.

I will conduct my ministry so that nothing need be hidden from a governing body or colleagues in ministry. Therefore I will:

1. Preach, teach, and bear witness to the gospel of Jesus Christ with courage, speaking the truth in love.
2. Honor the sacred trust of relationships within the ministry and observe appropriate boundaries.
3. Be judicious in the exercise of the power and privileges of my office and positions of responsibility I hold.
4. Avoid conflicts of interest that might compromise the effectiveness of my ministry.
5. Refrain from exploiting relationships for personal gain or gratification.
6. Respect the privacy of individuals and not divulge information obtained in confidence without express permission, unless an individual is a danger to self or others.
7. Recognize the limits of my own gifts and training, and refer persons and tasks to others as appropriate.
8. Claim only those qualifications actually attained, give appropriate credit for all sources used in seminars, workshops, media productions, papers, books, and presentations, and observe copyright laws.
9. Refrain from incurring indebtedness that might compromise my ministry.
10. Be a faithful steward of and fully account for funds and property entrusted to me.
11. Observe limits set by the board of directors for honoraria, personal business endeavors, and gifts or loans from persons other than family.

12. Accept the discipline of the church and the appropriate guidance of those to whom I am accountable for my ministry.
13. Participate in continuing education and seek the counsel of mentors and professional advisors.
14. Deal honorably with the record of my predecessor and upon leaving an office, speak and act in ways that support the ministry of my successor.
15. Accept and endorse the Provision House Principles for Good Governance and Ethical Conduct.

Appendix B

BYLAWS OF PROVISION HOUSE

Article I – Name and Purpose

Section 1 – Name: The name of the organization shall be *Provision House*. It shall be a nonprofit organization incorporated under the laws of the State of North Carolina.

Section 2 – Purpose: Provision House is a non-residential addictions ministry that helps Christians find true and lasting freedom from addiction in Christ and advocates understanding addictions from an emphatically biblical perspective. Provision House is to be actively engaged in teaching *The Biblical Provisions for Addiction* to individuals, families, and the church.

Article II – Membership

Section 1 – Membership: The Corporation shall have no members

Article III – Board of Directors

Section 1 – Board role, size, and compensation: The board is responsible for overall policy and direction of the ministry, and delegates responsibility of day to day operations to the executive director and other staff and committees, as they may be established. The board shall have up to 12, but not fewer than 3 members. The board receives no compensation other than reasonable expenses.

Section 2 – Terms: All board members shall serve two-year terms, and are eligible for reelection. Interim board members may be appointed as necessary.

Section 3 – Meeting and notice: The board shall meet at least quarterly, at an agreed upon time and place. An official board meeting requires that each board member have written notice at least two weeks in advance.

Section 4 – Board elections: During the last quarter of each fiscal year of the corporation, the board of directors shall elect directors to replace those whose terms will expire at the end of the fiscal year. This election shall take place during a regular meeting of the directors, called in accordance with the provisions of the bylaws.

Section 5 – Election procedures: New directors shall be elected by a majority of directors present at such a meeting, provided there is a quorum present. Directors so elected shall serve a term beginning on the first day of the next fiscal year.

Section 6 – Quorum: A quorum must be attended by at least fifty-one percent of board members for business transactions to take place and motions to pass.

Section 7 – Officers and Duties: There shall be four officers of the board, consisting of a chair, vice-chair, secretary, and treasurer. Their duties are as follows:

The chair shall convene regularly scheduled board meetings, shall preside or arrange for other members of the board to preside at each meeting in the following order: vice-chair, secretary, treasurer.

The vice-chair shall chair committees on special subjects as designated by the board.

The secretary shall be responsible for keeping records of board actions, including overseeing the taking of minutes at all board meetings, sending out meeting announcements, distributing copies of minutes, and the agenda to each board member, and assuring that the corporate records are maintained.

The treasurer shall make a report at each board meeting. The treasurer shall assist in the preparation of the budget, help develop fundraising plans, and make financial information available to board members and the public.

Section 8 – Vacancies: When a vacancy on the board exists mid-term, the secretary must receive nominations for new members from present board members two weeks in advance of a board meeting. These nominations shall be sent to board members with the regular board meeting announcement, to be voted upon at the next board meeting. These vacancies will be filled only to the end of the particular board member's term.

Section 9 – Resignation, termination, and absences: Resignation from the board must be in writing and received by the secretary. A board member shall be terminated from the board due to excess absences, more than two unexcused absences from board meetings in a year. A board member may be removed for other reasons by a two-thirds vote of the remaining directors.

Section 10 – Special meetings: Special meetings of the board shall be called upon the request of the chair, or one-third of the board. The secretary shall send out notices of special meetings to each board member.

Section 11 – Other Board Criteria: Board members are to meet the following criteria:

- 1) Strong Christian commitment with a heart (called/led) to serve the Lord at Provision House.
- 2) Must be willing to challenge.
- 3) Must contribute financially to ministry.
- 4) Must attend board meetings.
- 5) Must understand the ministry.
- 6) Must be able to raise funds.
- 7) The board must have diversity – financial, legal, fundraiser, etc. (this is a general board criterion).

Article IV – Committees

Section 1 – Committee formation: The board may create committees as needed, such as fundraising, housing, public relations, etc. The board chair appoints all committee chairs.

Article V – Director and staff

Section 1 – Executive Director: The executive director is appointed by the board. The executive director has day-to-day responsibilities for the organization, including carrying out the organization's goals and policies. The executive director will attend all board meetings, report on the progress of the organization, answer questions of the board members and carry out the duties designated. The board can designate other duties as necessary.

Article VI – Amendments

Section 1 – Amendments: These bylaws may be amended when necessary by a two-thirds majority of the board of directors. Proposed amendments must be submitted to the secretary to be sent with regular board announcements.

Article VII – Conflict of Interest Policy

Section 1 – Conflict of Interest Policy: Any director, officer, or key employee who has an interest in a contract or other transaction presented to the board or committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of his or her interest to the board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the corporation's interest. The body to which such disclosure is made shall thereupon determine, by a vote of seventy-five percent (75%) of the votes entitled to vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use his or her personal influence on, nor participate (other than to present factual information or to respond to questions) in, the discussions or deliberations with respect to such contract or transaction. Such person may be counted in determining whether a quorum is present but may not be counted when the board of directors or a committee of the board takes action on the transaction. The minutes of the meeting shall reflect the disclosure made, the vote thereon, the abstention from voting and participation, and whether a quorum was present.

Article VIII – Fiscal Year

Section 1 – Fiscal Year: The fiscal year of the corporation will begin on January 1st and end on December 31st.

Article IX – Dissolution

Section 1 – Dissolution: This organization may be dissolved and its activities closed by a two-thirds (2/3) vote of the board of directors. After payment of all bills and proper claims, the remaining assets shall be disposed of in cash or in kind by transfer to an organization or organizations with purposes similar to those of Provision House. Such organization(s) are to be selected by the last board of directors of Provision House.

Article X – Statement of Faith

Section 1 – Statement of Faith

1. We believe that the Bible is the inspired, inerrant Word of God.
2. We acknowledge the Creator, God, as our heavenly Father, infinitely perfect, and intimately acquainted with all our ways.
3. We claim Jesus Christ as Lord, the very God who came in human flesh, the object of our worship and praise.
4. We recognize the Holy Spirit as the third member of the Godhead, incessantly at work convicting, convincing, and comforting.
5. We believe that Adam's fall into sin left humanity without the hope of heaven apart from a new birth, made possible by the Savior's death and bodily resurrection.
6. We believe the offer of salvation is God's love-gift to all. Those who accept it by faith, apart from works, become new creatures in Christ.
7. We believe that anyone who trusts in Christ by faith is a new creation in Him, clothed in His righteousness, and fully loved and accepted by God.

8. We believe that God expects our lives to reflect that we belong to Him, that we are pursuing a holy life, and that we are continually endeavoring to fulfill His purposes for our lives.
9. We believe that Satan, under the sovereign permission of God, attempts to destroy the faith of believers, and that drawing near to God is the only way to resist him.
10. We believe that as new creations in Christ, we will continue to wrestle with indwelling sin. We will, however, continue to grow in grace and become more like Jesus. Ultimate perfection and freedom from sin, however, will only come when we finally stand in the presence of the Lord.
11. We believe that, as believers in Jesus Christ, we are members of His universal church and that the local church is the place God has designed for His people to worship Him, observe the ordinances of baptism and the Lord's Table, and love and serve other Christians.
12. We believe that, having embraced Jesus Christ by faith, we are to make Him known to non-Christians in our sphere of influence.
13. We anticipate our Lord's promised return in power and glory.
14. We are convinced that all who have died will be brought back from beyond, believers to everlasting communion with God and unbelievers to everlasting separation from God.

Certification

These bylaws were approved at a meeting of the board of directors by a two-thirds majority vote on July 1, 2005. An amendment to Article III, specifically adding Section 11 of Article III, was approved at a meeting of the board of directors by a two-thirds majority vote on July 25, 2007.

Appendix C

Provision House Whistleblower Protection Policy

Provision House requires directors, officers, employees, and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees, volunteers, and representatives of Provision House, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees, volunteers, and others to raise serious concerns internally so that Provision House can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of Provision House's Principles of Good Governance and Ethical Practice or suspected violations of law or regulations that govern Provision House's operations.

No Retaliation

It is contrary to the values of Provision House for anyone to retaliate against any board member, officer, employee or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of Provision House. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Reporting Procedure

Provision House has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with the Executive Director or a board member. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the Provision House compliance officer or designated employee or board member, who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor, the Executive Director, the compliance officer, board member, or other designated person.

Compliance Officer

The Provision House Compliance Officer is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The Compliance Officer will advise the Executive Director and the Board of Directors of all complaints and their resolution and will report at least annually to the Board of Directors on compliance activity relating to accounting or alleged financial improprieties.

Accounting and Auditing Matters

The Provision Houses Compliance Officer shall immediately notify the Board of Directors of any concerns or complaint regarding corporate accounting practices, internal controls or auditing, and work with the board until the matter is resolved.

Acting in Good Faith

Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Provision House Compliance Officer will notify the person who submits a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Compliance Officer: * **{Note:** The Compliance Officer may be a board member, the Executive Director, or a third party designated by the organization to receive, investigate and respond to complaints.}

{Name}

{Title/Organization}

{Contact information}

Policy approved by the Board of Directors on {Date}.

Appendix D

Provision House Records Retention Policy *Record Keeping requirements under North Carolina Law*

Article 16.

Records and Reports.

Part 1. Records.

§ 55A-16-01. Corporate records.

(a) A corporation shall keep as permanent records minutes of all meetings of its members and board of directors, a record of all actions taken by the members or directors without a meeting pursuant to G.S. 55A-7-04, 55A-7-08, or 55A-8-21, and a record of all actions taken by committees of the board of directors in place of the board of directors on behalf of the corporation.

(b) A corporation shall maintain appropriate accounting records.

(c) A corporation or its agent shall maintain a record of its members, in a form that permits preparation of a list of the names and addresses of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast.

(d) A corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(e) A corporation shall keep a copy of the following records at its principal office:

- (1) Its articles of incorporation or restated articles of incorporation and all amendments to them currently in effect;
- (2) Its bylaws or restated bylaws and all amendments to them currently in effect;
- (3) Resolutions adopted by its members or board of directors relating to the number or classification of directors or to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;
- (4) The minutes of all membership meetings, and records of all actions taken by the members without a meeting pursuant to G.S. 55A-7-04 or G.S. 55A-7-08, for the past three years;
- (5) All written communications to members generally within the past three years, and the financial statements, if any, that have been furnished or would have been required to be furnished to a member upon demand under G.S. 55A-16-20 during the past three years;
- (6) A list of the names and business or home addresses of its current directors and officers; and
- (7) Repealed by Session Laws 1995, c. 539, s. 29, effective July 29, 1995. (1955, c. 1230; 1969, c. 875, s. 6; 1985 (Reg. Sess., 1986), c. 801, s. 31; 1993, c. 398, s. 1; 1995, c. 539, s. 29.)

Appendix E

The Provision House Board Self-Assessment Form

	Yes	No	Not Sure
1. Do I understand and support the mission of the Provision House?			
2. Am I knowledgeable about Provision House's programs and services?			
3. Do I follow trends and important developments related to Provision House?			
4. Do I assist with fund raising and give to Provision House?			
5. Do I read and understand Provision House's financial statements?			
6. Do I have a good working relationship with the executive director?			
7. Do I recommend individuals for service to this board?			
8. Do I prepare for and participate in board meetings and committee meetings?			
9. Do I act as a goodwill ambassador to the organization?			
10. Do I find serving on the board to be a satisfying and rewarding experience?			

Appendix F

Donor's Bill of Rights

You have the right to:

- Know how the funds of Provision House are being spent.
- Know what the programs you support are accomplishing.
- Know that Provision House complies with federal, state, and municipal laws.
- Restrict or designate your gifts to a particular project within Provision House's mission objectives.
- A timely and courteous response to your inquiries about finances and programs.
- Visit office and program sites of an organization to talk personally with the staff.
- Give cheerfully without being pressured by the organization.
- Obtain a copy of the organization's most Form 990.
- Know that there is a responsible governing board providing oversight to the Provision House's mission.
- Know that all appeals for funds are truthful and accurate.

Appendix G

Provision House 501(c)(3) Acceptance Letter

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **MAR 29 2005**

PROVISION HOUSE
C/O PAUL STARK
6810 SHANNOPIN DR STE 1625
CHARLOTTE, NC 28270

Employer Identification Number:
20-1261867
DLN:
17053224020024
Contact Person:
ARIEANE H. BARRS ID# 52662
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
April 30
Public Charity Status:
509(a)(2)
Form 990 Required:
Yes
Effective Date of Exemption:
May 14, 2004
Contribution Deductibility:
Yes
Advance Ruling Ending Date:
April 30, 2009

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

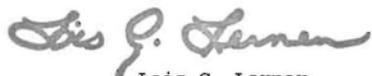
Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

PROVISION HOUSE

Sincerely,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)

Letter 1045 (DO/CG)

Appendix H

Provision House Gift Acceptance Guidelines

PURPOSE OF THE GUIDELINES

1. To protect the interests of the donor, Provision House, or causes named as the beneficiary of a gift.
2. To make certain all gifts to Provision House are structured to provide maximum benefits to the donor and the purpose for which the gift is given.
3. To encourage interested donors to make gifts without encumbering their own or Provision House's financial or other resources.
4. To optimize opportunities to secure gifts for causes without compromising or endangering the reputation of the charity.
5. To ensure that gifts conform to the guidelines of 2 Corinthians 9:7 - *Each one must do just as he has purposed in his heart, not grudgingly or under compulsion, for God loves a cheerful giver* (NASB).

General Guidelines

1. No gifts will be accepted that cannot be used or expended consistent with the purpose and mission of Provision House.
2. No irrevocable gift, whether outright or life-income in character, will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security.
3. Any gift presented to Provision House without the approval of a Provision House representative shall not be received until after it is determined that the intended gift and the manner in which it is given is in the best interest of the donor.
4. Key executives of Provision House shall be apprised of any potential gift or bequest to Provision House. Each case shall be reviewed on a regular basis to ensure proper action, accounting, and acknowledgement surrounds each gift.
5. Donors should always be advised of their own need for legal counsel to assist them in the process of making their gift. Provision House staff shall avoid becoming involved in what can be interpreted as unauthorized practice of law. Any suggestions made to a donor by Provision House staff should be accompanied by encouragement to seek advice from the donor's personal counsel and/or financial advisor.
6. Every precaution shall be taken by Provision House's staff to protect the privacy and confidentiality of each donor and the donor's family. Permission must be obtained before any public acknowledgement is made of gifts received by Provision House. The right of anonymity must always be respected.
7. Provision House staff shall attempt to have key executives meet with each individual donor prior to or concurrent with the execution of a gift agreement. In the case of charitable remainder trusts or other complex arrangements, such a meeting is mandatory. All complex arrangements must be reviewed by the Provision House counsel.
8. In all cases, any professional advisors such as Attorneys or CPA's hired by Provision House must recognize their client is Provision House, and that they do not represent the

donor. Professional advisors for Provision House will always seek to work with the advisors for the donor.

9. Gifts shall not be accepted where the mental competency of the donor is in question. However this does not preclude a person acting in the capacity of Attorney-in-fact from making a gift from the estate of the individual granting the Power of Attorney. In this event, every consideration shall be given to the donor's charitable giving habits and financial condition to ensure that the gift is in the best interest of the donor and is carried out in a prudent manner. The donor's Power of Attorney must specifically grant the power to make charitable gifts.
10. Provision House will provide gifts receipts meeting IRS substantiation requirements for property received by the charity as a gift. However, except for gifts of cash and publicly traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by Provision House.
11. Investment considerations and gift considerations are in all cases to be evaluated separately, each on their respective merits. In no event shall the offer of a gift be tied in any way to an investment action or decision by Provision House.
12. Provision House shall in no way compensate, whether through commissions, finder's fees, or other means, any third party for directing a donor to Provision House.
13. All written instruments setting out the description and terms of a gift shall be reviewed by legal counsel on behalf of Provision House and a written report made to the Executive Director on its compliance with applicable laws and regulations as well as an explanation of its potential liability to Provision House.

Types of Gifts

1. Both current gifts and deferred gifts shall be actively encouraged. Response to each type of gift should be prompt without regard to the monetary value or timing of the individual gift. The decision to accept or reject any gift, whether current or deferred, shall be weighed on the merits of the individual gift, always regarding the donor's intent and financial condition as well as the benefit to Provision House's causes.
2. Any gift subject to a restriction shall be accepted only after review by Provision House's Executive Director. Every effort shall be made to ensure the restriction(s) on the gift do not negate any potential benefit to the intended cause. Also the restrictions should not encumber the Provision House staff with excessive additional responsibilities as to make the gift inadvisable.
3. Provision House should not be engaged in the execution of notarial wills. Provision House may, however, provide gift clauses for inclusion in wills by donors and/or their personal counsel.
4. Gifts of real estate are acceptable only after the following criteria are met:
 - a. A personal inspection is conducted by an appropriate Provision House staff member.
 - b. Donor has received a copy of the policy Provision House will use regarding the donation of real estate.
 - c. Determination is made that the property has not been utilized in a manner that would cause embarrassment to Provision House.

- d. An appraisal satisfactory to the IRS gift substantiation requirements has been completed and Provision House and the donor have reached an understanding as to the valuation of the property.
 - e. Debt, insurance, homeowner's association fees, property taxes and other carrying costs have been assessed as to the effect on the advisability of accepting the gift.
 - f. Appropriate steps have been taken to determine if any other liabilities might attach to the property such as leases, contracts, or servitudes.
 - g. All pertinent information regarding the property is supplied by the donor. This would include names of owners and co-owners (and percentage of ownership), recent tax statements, address and/or legal description, and description of current use.
 - h. Donor must convey all his/her undivided interest in the real estate including any mineral interests. The IRS will not consider a gift of partial interest and would disqualify such a gift from income and estate tax deductions.
 - i. Provision House may recover any costs of managing real estate by charging a fee that is determined by a schedule set by the board of directors.
 - j. The donor must be willing to bear the costs associated with the gift of real estate, such as legal fees, real estate commissions, management fees, and appraisals, or have these costs deducted from the sale of the property.
 - k. The board of directors must approve any exception.
5. Gifts of real estate are ordinarily acceptable only after it has been determined that no reasonable possibility exists that the property could be contaminated by toxic waste. An initial personal inspection shall be made by an appropriate Provision House staff member. This inspection shall include both a physical inspection and an investigation of the recent ownership history of the property. If, after inspection, it is determined that there is a substantial likelihood that the property has been environmentally impacted, the property may not be accepted. If, after inspection, it is determined that a reasonable possibility exists that the property has been environmentally impacted, an inspection must be made by a licensed environmental consultant, who must certify, within the context of a Phase 1 Site Assessment, that no contamination exists before the property may be accepted. The inspection should be performed in general conformance with the scope of ASTM Practice E1527. The expense of inspection must be borne by the donor unless an exception is approved by the board of directors.
 6. Gift annuity contracts are to be entered into by Provision House upon approval of the Executive Director. In no event shall a gift annuity contract be agreed to which pays an income at a rate in excess of an actuarially prudent rate of return. Provision House will invest the gift in a manner that will attempt to protect the integrity of the principle amount given. Gift annuities will not be funded with real estate or other illiquid assets. Donors must be reminded in correspondence or conversation with them and their advisors that a qualified charitable gift annuity is not insurance under the laws of their State.
 7. Gifts of life insurance shall be accepted after examination of funding of the policy and the gift substantiation requirements. Provision House staff members shall avoid even the appearance of giving an endorsement, either implied or direct, to any life insurance product, company, or agent.
 8. Where a personal residence is the subject of a gift, it will not be accepted without the approval of the board of directors if the right to utilize the residence is vested in a person

other than the donor. Gifts of personal residences will be subject to Provision House's real estate policies and environmental assessment procedures.

9. Gifts of oil and gas right may be received absent extenuating circumstances such as extended liabilities or other conditions making receipt of the gift inadvisable. In that regard, each potential oil and gas gift shall be examined by a professional advisor with experience in mineral leases for such extenuating circumstances which would argue against receipt of the gift. Working interests in oil and gas, which entail special problems regarding taxation either to the charity generally or to individual trusts which receive the gifts, and may also entail extended liabilities for personal, property and environmental damage should not be considered.

Appendix I

Director and Officer Annual Conflict of Interest Statement

1. Name: _____ Date: _____
2. Position: _____
- a) Are you a voting director? Yes No
- b) Are you an officer? Yes No
- c) If you are an officer, which officer position do you hold: _____
3. I affirm the following:
- a) I have received a copy of the Provision House Conflict of Interest Policy. _____ (initial)
- b) I have read and understand the policy. _____ (initial)
- c) I agree to comply with the policy. _____ (initial)
- d) I understand that Provision House is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. _____ (initial)
4. Disclosures:
- a. Do you have a financial interest, current or potential, including a compensation arrangement, as defined in the Provision House Conflict of Interest Policy and its Principles of Good Governance and Ethical Practice?
Yes No
- i. If yes, please describe it: _____
- ii. If yes, has the financial interest been disclosed, as provided in the Provision House Conflict of Interest Policy and its Principles of Good Governance and Ethical Practice? Yes No
- b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Provision House Conflict of Interest Policy and its Principles of Good Governance and Ethical Practice? Yes No
- i. If yes, please describe it, including when: _____
- ii. If yes, has the financial interest been disclosed, as provided in the Provision House bylaws and its Principles of Good Governance and Ethical Practice? Yes No
5. Are you an independent director, as defined in the Provision House Conflict of Interest Policy and its Principles of Good Governance and Ethical Practice? Yes No
- a. If you are not independent, why?

Signature of director

Date: _____

Date of Review by Board of Directors: _____