

**DONATION RECIPIENT POLICY
OF
INDEGO AFRICA PROJECT**

April 25, 2007

Indego Africa Project (“**IAP**”) is committed to full compliance with best practices concerning the qualification and selection of charitable recipients of donations and with U.S. Internal Revenue Service (“**IRS**”) regulations regarding the proper use and control of donated funds.

ARTICLE I.

DONATION PROGRAM

As part of its non-profit mission, IAP makes donations or grants of funds, equipment, or other in-kind items (collectively, “**Grants**”) to community organizations in African nations that exclusively serve Economically Disadvantaged Persons (defined below) in such communities (“**Development Partner Organizations**” or “**DPOs**”). IAP also will make payments, whether as advances or compensation for commissioned work (collectively, “**Payments**”), to artists, artisans and other trainees being supervised, trained, educated, housed or otherwise accommodated by DPOs (“**Individual Donees**”). The Donation Recipient Eligibility Policy (the “**Policy**”) shall be followed by all directors, officers, volunteers and/or employees prior to selecting DPOs and making any initial Payments to Individual Donees.

ARTICLE II

PURPOSE & GENERAL PRINCIPLES

SECTION 2.1. Purpose. The purpose of the Policy is to guarantee the following:

- (a) *IAP Discretion & Control*. IAP retains full discretion and control over the use of Grants that are received by DPOs from IAP.
- (b) *Charitable Beneficiaries*. All Individual Donees are themselves economically-disadvantaged, sufficiently identifiable and otherwise eligible to receive Payments.
- (c) *Appropriate DPO Functions*. Programs and services offered by all DPOs benefit only economically-disadvantaged individuals and are targeted towards training and skills development.
- (d) *DPO Management*. All DPOs have implemented appropriate accounting and management functions that permit them to fulfill IAP reporting requirements.

(e) *DPO Integrity & Legality.* All DPOs refrain from making any corrupt payments and have a legally-sanctioned relationship with government authorities.

(f) *DPO Financial Stewardship.* All funds received by DPOs from IAP are spent in a manner consistent with IAP's mission and policies.

SECTION 2.2. General Principles. The process of selecting and making Grants to DPOs and Payments to Individual Donees shall be guided by the following general principles:

(a) *Development Partner Organization Eligibility.* IAP will make donations only to existing and well-established DPOs with demonstrated operations to benefit Economically Disadvantaged Persons (defined below) living in the community served by the DPO. Prior to becoming eligible to receive Grants, all DPOs must complete a Development Partner Organization Profile ("**DPO Profile**") and provide verification where necessary.

(b) *Preferences for Recommendations.* IAP will look most favorably upon DPOs that provide a letter of recommendation or are otherwise recommended by organizations operating in the area of African economic development, such as OXFAM, United Nations agencies, the Fair Trade Federation, the International Federation of Alternative Trade, Aid to Artisans, Ten Thousand Villages, U.S. Peace Corps volunteers and other international aid organizations.

(c) *Individual Donee Eligibility.* IAP will make Payments to Individual Donees only for the production of handicrafts or other products that have significant artistic elements or are of particular cultural significance ("**Eligible Products**"). Prior to becoming eligible to receive Payments, Individual Donees must complete an Individual Donee Profile ("**Donee Profile**") and provide verification where necessary.

ARTICLE III

DEVELOPMENT PARTNER ORGANIZATION SELECTION

SECTION 3.1: Generally. Upon consideration of all DPO Criteria (defined below), the IAP Board of Directors (the "**Directors**") shall finally decide whether a DPO will be eligible to receive Grants in accordance with this Policy and the IAP bylaws.

SECTION 3.2. Development Partner Organization Pre-Grant Inquiry. The process of reviewing and selecting a prospective DPO (the "**Pre-Grant Inquiry**") shall begin with the preliminary completion of a DPO Profile by the prospective DPO. IAP shall make available a form DPO Profile for use by prospective DPOs (see Appendix A). The Pre-Grant Inquiry shall proceed as follows:

(a) *Preliminary DPO Profile Review.* An IAP officer, director, volunteer or employee (the "**IAP Representative**") shall review the preliminary DPO Profile and be responsible for corresponding with the representative of the prospective DPO specified

on the DPO Profile (“**DPO Representative**”). The IAP Representative and DPO Representative shall confer regarding any errors, omissions or clarifications. The IAP Representative also shall inform the DPO Representative of which mandatory criteria specified on the DPO Profile and listed hereunder in Section 3.3 (“**DPO Mandatory Criteria**”) must be satisfied or improved before the DPO Profile will be considered further. Once the DPO Mandatory Criteria appear to be complete, at least one IAP Representative shall make a reasonable effort to confirm the DPO Mandatory Criteria.

(b) *Final DPO Profile Signatures.* The DPO Representative shall sign the DPO Profile and provide as much detail as possible with respect to each item on the DPO Profile. The IAP Representatives assigned to confirm the DPO Mandatory Criteria shall counter-sign the DPO Profile. All signatories attest that the information contained in the DPO Profile is true and correct to the best knowledge of each signatory.

(c) *Final DPO Profile Submission.* Once the IAP Representative determines that the DPO Mandatory Criteria have been met and the DPO Profile is complete, the IAP Representative shall submit the DPO Profile and candidacy of the prospective DPO to the Directors for review. The IAP Representative shall include some indication of whether the prospective DPO has satisfied the favorable criteria specified on the DPO Profile and listed hereunder in Section 3.4 (“**DPO Favorable Criteria**”), together with DPO Mandatory Criteria, the “**DPO Criteria**”).

SECTION 3.3. Development Partner Organization Mandatory Criteria. On the DPO Profile, the prospective DPO must certify that it has met each of the following DPO Mandatory Criteria and, when noted below, provide accompanying documentation to demonstrate how such DPO Mandatory Criteria have been met.

(a) *Serves Economically Disadvantaged Persons.* All programs administered by the prospective DPO are for the exclusive benefit of individuals or communities of individuals that are economically disadvantaged, whether by unemployment, under-employment, orphaning, lack of basic education or lack of access to business capital or resources (“**Economically Disadvantaged Persons**”). If possible, the prospective DPO should provide any policy related to selecting participants in its programs.

(b) *IAP Discretion & Control.* The prospective DPO understands and agrees to accept that IAP has full discretion and control over Grants made to DPOs.

(c) *Exempt Purpose.* The prospective DPO agrees to carry out its activities in accordance with IAP’s exempt purposes under the IAP bylaws and IRS regulations, which shall include the use of all Grants exclusively for purposes specified by IAP and the training and education of Economically Disadvantaged Persons.

(d) *Minimum Accounting Records.* The prospective DPO maintains some form of acceptable accounting records and agrees to provide receipts for all payments made by the prospective DPO using cash donated by IAP. Copies of the prospective DPO’s most recent financial statement or other statement of expenses and liabilities must be provided.

(e) *Bank Account.* The prospective DPO maintains a bank account in its home country into which IAP can make payments upon satisfaction of the invoicing requirements established by the IAP Imprest Fund (as that term is defined in the IAP Accounting and Internal Controls Policy). The DPO Profile must include the prospective DPO's bank account particulars.

(f) *Entity Status; Compliance with Law.* The prospective DPO is a legal entity in its home country, complies with all applicable laws and has obtained, or is willing to obtain, the required licenses, registrations, permits and authorizations, including export licenses (collectively, "**Licenses**"). Copies of all Licenses and existing organizational documents must be provided.

(g) *No Conflicts of Interest.* The prospective DPO: (i) is organized on a not-for-profit basis; (ii) does not benefit the private interest of a member, officer or director of the prospective DPO ("**DPO Officer**") other than through payments for actual services rendered; and (iii) operations, contracts and business relationships of the prospective DPO ("**DPO Financial Interests**") do not create a conflict of interest with respect to DPO Officers or any interests or ownership that DPO Officers have in other legal entities. If available, copies of a conflict of interest policy and any documents related to DPO Financial Interests should be provided.

(h) *No Corrupt Payments.* The prospective DPO does not make corrupt payments, or give or promise to give anything of value, to a government official for the purpose of influencing such official or obtaining or directing business for a particular person. No activities of the prospective DPO should cause IAP to violate provisions of the U.S. Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1 et seq., or the prospective DPO to violate either equivalent anti-bribery statute in the prospective DPO's home country or the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, DAF/IME/BR(97)16/REV.

(i) *Political & Religious Activities.* The prospective DPO does not make political contributions or contributions to churches or other religious institutions. The primary purpose of the prospective DPO is not the conducting of religious services or religious education.

SECTION 3.4. Development Partner Organization Favorable Criteria. On the DPO Profile, the prospective DPO may certify that it has met some or all of the following DPO Favorable Criteria and, when noted below, must provide accompanying documentation to demonstrate how such DPO Favorable Criteria have been met.

(a) *Reporting & Auditing.* The prospective DPO acknowledges the necessity for and agrees to (i) provide documentation requested by IAP to substantiate the use of Grants and (ii) submit to reviews, inspections, or audits by IAP representatives or third parties commissioned by IAP, including organizations responsible for certifying fair trade

practices. If available, the prospective DPO should provide copies of any periodic reports laying out its programs and use of funds.

(b) *Tax-Exempt Legal Entity.* The prospective DPO is a tax-exempt charitable organization, or any type of legal entity that is equivalent to a U.S. 501(c)(3) tax-exempt organization certified by the IRS, under the laws of its home country. The prospective DPO must provide copies of its notification letter or other equivalent certification by the relevant government of its tax-exempt and/or charitable status.

(c) *Segregation of Accounting Duties.* The prospective DPO has segregated accounting duties, including the use of dual account signatories and other internal controls to help avoid fraud. If available, copies of an accounting and internal controls policy and any documents related to accounting should be provided.

(d) *Financial Planning.* The prospective DPO prepares budgets for its overall activities and its planned uses of IAP Grants. Copies of such budgets must be provided.

(e) *Business Planning.* The prospective DPO has prepared a business plan establishing its operations and strategies. Copies of the prospective DPO's business plan must be provided.

(f) *Other Policies.* In addition to the policies mentioned in Sections 3.3(a) and (g) and Sections 3.4(b)-(d), the prospective DPO has established policies regarding privacy, operational functioning and management, accounting, money management, reporting or other major functions. Copies of such policies must be provided.

(g) *Organizational History.* The prospective DPO has a demonstrated history of success in delivering on its mission to serve Economically Disadvantaged Persons. A narrative description or other document evidencing this history must be provided.

ARTICLE IV

INDIVIDUAL DONEE SELECTION

SECTION 4.1: Generally. Upon consideration of all Individual Donee Criteria (defined below), the relevant IAP Representative shall finally decide whether an Individual Donee will be eligible to receive ongoing Payments in accordance with this Policy and the IAP bylaws.

SECTION 4.2. Individual Donee Initial Pre-Payment Inquiry. The process of reviewing and selecting a prospective Individual Donees (the "*Pre-Payment Inquiry*") shall begin with the preliminary completion of a Donee Profile by the prospective Individual Donee. IAP shall make available a form Donee Profile for use by prospective Individual Donees (see Appendix B). The Pre-Payment Inquiry shall proceed as follows:

(a) *Preliminary Donee Profile Review.* Either an IAP Representative or a DPO Representative designated by IAP (either, a "*Donee Liaison*") shall review the

preliminary Donee Profile and be responsible for corresponding with the Individual Donee. The Donee Liaison and Individual Donee shall confer regarding any errors, omissions or clarifications. The Donee Liaison also shall inform the Individual Donee of which mandatory criteria specified on the Donee Profile and listed hereunder in Section 4.3 (“*Donee Mandatory Criteria*”) must be satisfied or improved before the Donee Profile will be considered further. Once the Donee Mandatory Criteria appear to be complete, the Donee Liaison shall make a reasonable effort to confirm the Donee Mandatory Criteria, primarily through an interview with the prospective Individual Donee.

(b) *Final Donee Profile Signatures.* The Individual Donee shall sign the Donee Profile and provide as much detail as possible with respect to each item on the Donee Profile. The Donee Liaison assigned to confirm the Donee Mandatory Criteria shall counter-sign the Donee Profile. All signatories attest that the information contained in the Donee Profile is true and correct to the best knowledge of each signatory.

(c) *Final Donee Profile Submission.* The Donee Liaison shall assist the prospective Individual Donee with, and shall include some indication of whether the prospective Individual Donee has satisfied, the favorable criteria specified on the Donee Profile and listed hereunder in Section 4.4 (“*Donee Favorable Criteria*”, together with Donee Mandatory Criteria, the “*Donee Criteria*”). Upon completion of the Donee Profile, the following shall occur:

- (i) If the Donee Liaison is not an IAP Representative, the Donee Liaison shall submit the completed Donee Profile and candidacy of the prospective Individual Donee to an IAP Representative for approval in accordance with this Policy and the IAP bylaws.
- (ii) If the Donee Liaison is an IAP Representative, the Donee Liaison may approve or deny the candidacy of the prospective Individual Donee in accordance with this Policy and the IAP bylaws.

SECTION 4.3. Individual Donee Mandatory Criteria. On the Donee Profile, the prospective Individual Donee must certify that he or she has met each of the following Donee Mandatory Criteria and, when noted below, should provide accompanying documentation to demonstrate how such Donee Mandatory Criteria have been met.

(a) *Economic Disadvantage.* The Individual Donee is economically disadvantaged, whether by unemployment, under-employment, orphaning, lack of basic education or lack of access to business capital or resources. If possible, the prospective Individual Donee should provide a personal bank statement or other statement of personal financial means.

(b) *Personal Information.* The prospective Individual Donee acknowledges the necessity for and agrees to meet certain requests for personal information by IAP, such as

the Individual Donee's personal and family history. This information will be solicited primarily through interviews by IAP Representatives.

(c) *Artistic and/or Cultural Significance of Eligible Products.* The handicrafts or other products produced by, or proposed to be produced by, the prospective Individual Donee qualify as Eligible Products. The prospective Individual Donee acknowledges the necessity for and agrees to provide historical, cultural and artistic information about the Eligible Products. This information will be solicited primarily through interviews by IAP Representatives. The prospective Individual Donee should either (i) provide photographs of Eligible Products or (ii) agree to allow Eligible Products to be photographed by IAP Representatives or DPO Representatives.

(d) *Delivery Requirements.* The prospective Individual Donee acknowledges the necessity for and agrees to meet production method, delivery, quantity and quality requirements for the Eligible Products ("***Delivery Requirements***") commissioned by IAP. IAP Representatives and the Individual Donee shall negotiate the terms of Delivery Requirements.

(e) *Compliance with Law.* The prospective Individual Donee agrees to comply with all applicable laws and has obtained, or is willing to obtain, the Licenses required to produce Eligible Products. If available, copies of all Licenses should be provided.

(f) *No Conflicts of Interest.* The prospective Individual Donee does not receive any payment or benefit not available to other beneficiaries of DPO programs as a result of his or her relationship with a DPO Officer. The prospective Donee must provide a conflict of interest statement if he or she has any conflicts of interest with respect to the DPO or DPO Officers, whether as a result of (i) his or her family or other relationship with a DPO Officer or (ii) his or her financial interest in any entity in which the DPO has a DPO Financial Interest.

SECTION 4.4. Individual Donee Favorable Criteria. On the Donee Profile, the prospective Individual Donee may certify that he or she has met some or all of the following Donee Favorable Criteria and, when noted below, must provide accompanying documentation to demonstrate how such Donee Favorable Criteria have been met.

(a) *Bank Account.* The prospective Individual Donee maintains a bank account into which IAP or the DPO can make payments upon satisfaction of the invoicing requirements established by the IAP Imprest Fund (as that term is defined in the IAP Accounting and Internal Controls Policy). The Donee Profile must include the prospective Individual Donee's bank account particulars.

(b) *Product Development.* The prospective Individual Donee has been involved, and will continue to be involved, in the process of developing new or improved Eligible Products in conjunction with IAP Representatives and the DPO.

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.1. Personal Information. IAP shall protect any information of a personal or organizational nature provided to IAP during the process of selecting DPOs or Individual Donees set for in Article III and Article IV (“*Application Information*”). In accordance with the IAP Donor Privacy Policy, IAP shall afford the same level of protection to Application Information as it does to Personal Information (as that term is defined in the IAP Donor Privacy Policy). IAP asks only for the Application Information necessary to comply with this Policy.

SECTION 5.2. Changes to Donation Recipient Policy. If at some point in the future there is a change to IAP’s donation recipient eligibility practices, it will be reflected in the date posted in this Policy. All Directors must approve this Policy and any changes to it.

SECTION 5.3. Compliance with IRS Regulations. Notwithstanding any other provision of this Policy, IAP shall not directly or indirectly permit any activity, including the selection of DPOs or Individual Donees, which would prevent IAP from obtaining exemption from Federal income taxation as a corporation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended, or the corresponding section of any future United States Internal Revenue law or code Code (the “*Code*”), or cause it to lose such exempt status, or carry on any activity not permitted to be carried on by a corporation, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) of the Code.



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IN WITNESS WHEREOF, the undersigned, being the Secretary of Indego Africa Project does hereby certify that the foregoing is the donation recipient eligibility policy of said corporation, as adopted by unanimous consent in lieu of a meeting of the Board of Directors on April 25, 2007.

Name: Mary E. Mitro
Title: Secretary

APPENDIX A

DPO Profile (Form)

APPENDIX B

Donee Profile (Form)