

Standard No-Resale Policy for In-Kind Donated Products

Version 1.0 — May 2026

Published by [Simpli](#)

1. Purpose

This policy establishes binding rules governing the handling, distribution, and disposition of all in-kind product donations received by CLU-W Hygiene Pantry of Champaign County ("the Organization") — whether sourced directly from corporate or individual donors, through donation intermediaries, or through any other in-kind donation program.

This policy exists to ensure that donated products reach the individuals and communities they are intended to serve — and no one else; to protect the brand integrity, intellectual property, and market position of product donors; to preserve the Organization's eligibility to receive high-value in-kind donations; to comply with all applicable IRS requirements — including IRC § 170(e)(3) and the regulations governing enhanced inventory donation deductions — as well as donor agreements and federal, state, and local regulations; and to maintain the trust and confidence of donors, intermediaries, regulators, and the public in the charitable donation ecosystem.

2. Scope

This policy applies to **all personnel** of the Organization, including full-time and part-time employees, volunteers, interns, board members, officers, contractors, and temporary staff. It also applies to any downstream charitable partner, affiliate organization, or sub-recipient that receives products originally donated to the Organization.

This policy covers **all in-kind product donations** received by the Organization — regardless of the source, channel, product category, condition, or estimated value.

3. No-Resale Rules

3.1 No Resale

Donated products must never be sold, offered for sale, or listed for sale — in any form, through any channel, at any price — except as permitted under Section 3.8. This prohibition includes, without limitation: online marketplaces (e.g., eBay, Amazon, Facebook Marketplace, Poshmark, Mercari, OfferUp), thrift stores, consignment shops, resale boutiques, restores, flea markets, swap meets, yard sales, garage sales, wholesale or liquidation channels, any e-commerce website, app, or social media platform, and point-of-sale transactions at the Organization's own facilities.

3.2 No Barter, Trade, or Exchange

Donated products must not be bartered, traded, swapped, or otherwise transferred in exchange for money, property, services, favors, or any other form of consideration.

3.3 No Fundraising Use

Except as permitted under Section 3.8, donated products must not be used as raffle prizes, door prizes, auction items (silent or live), giveaway incentives tied to a purchase or payment, or rewards or premiums bundled with any financial transaction. Products must not be offered in exchange for cash "donations," voluntary or suggested contributions, or membership fees — whether direct or indirect.

3.4 No Personal Use by Insiders

Donated products must not be given to, or taken by, the Organization's volunteers, officers, directors, employees, contractors, or their family members for personal use. Products are exclusively for distribution to the Organization's charitable beneficiaries.

3.5 No Return to Retail or Manufacturer

Donated products must never be returned to the original manufacturer, brand, retailer, or any retail store — whether for cash refunds, store credit, exchanges, or any other purpose.

3.6 No Unauthorized Redistribution

Donated products must not be transferred, forwarded, or redistributed to any other organization, entity, or individual outside the Organization's approved direct-service programs unless the downstream recipient has been pre-approved in writing by the Organization **and** has signed the Standard Downstream Partner Agreement.

3.7 No International Distribution Without Approval

Donated products must not be redistributed to any location outside the United States unless the donor has granted explicit, advance written permission.

3.8 Donor-Approved Exception for Mission-Aligned Fundraising

Notwithstanding Sections 3.1 and 3.3, the Organization may sell donated products or use them as auction items (silent or live) where **all** of the following conditions are met:

- The donor has provided **express, advance, written approval** for the specific products to be sold or auctioned. Verbal approvals and after-the-fact approvals do not satisfy this requirement.
- **All net proceeds** from the sale or auction are used exclusively to support the core charitable mission of the Organization.
- The Organization maintains documentation of the donor's written approval, a description of the products sold or auctioned, the sale or auction channel used, the gross proceeds received, and how the net proceeds were applied to the Organization's charitable mission.
- The Organization complies with all applicable IRS reporting requirements, including the filing of IRS Form 8282 if required.
- The Organization provides a summary of proceeds and their charitable application to the donor upon request.

This exception does not authorize listing donated products on online resale marketplaces, wholesale or liquidation channels, or any channel where the donor's brand could appear alongside discounted or gray-market goods — unless the donor has specifically approved that channel in writing.

4. Permitted Uses

Donated products may be used in the following ways:

- **Direct charitable distribution:** Providing products free of charge to individuals and families in need as part of the Organization's established programs and mission, solely for the care of the ill, the needy, or infants as set forth in IRC § 170(e)(3) and IRC regulations § 1.170A-4A(b)(2) and (3).
- **Internal program use:** Using products within the Organization's own charitable programs (e.g., furnishing a shelter, equipping a classroom, stocking a food pantry) where doing so directly serves the Organization's beneficiaries.
- **Disaster relief:** Distributing products to disaster-affected individuals and communities, consistent with the Organization's mission and any donor-specific guidelines.
- **Donor-approved fundraising:** Selling or auctioning products in compliance with Section 3.8.

All distribution must be conducted without any expectation of payment, exchange, or reciprocal benefit from the recipients. The Organization acknowledges that donated products must be used to alleviate or cure an existing illness, to alleviate or satisfy an existing need, or to perform parental functions and

provide for the needs of infants, so that donors may qualify for the enhanced inventory donation deduction under IRC § 170(e)(3).

5. Downstream Partner Requirements

5.1 Written Agreement

Every downstream partner must sign the **Standard Downstream Partner Agreement** — without modification — prior to receiving any donated products. This creates an unbroken chain of compliance from the donor to the end recipient.

5.2 Vetting

The Organization must, before engaging any downstream partner: verify that the partner holds current 501(c)(3) status and is in good standing with the IRS, and confirm the partner's operational capacity to store, handle, and distribute donated products appropriately.

6. Storage and Handling

The Organization is solely responsible for the correct storage, transportation, and disposal of donated products after receipt. Products must be stored, transported, and disposed of in accordance with applicable manufacturer instructions, all applicable laws and regulations, and highest industry standards. The Organization must store donated products at, and distribute them from, a commercial business location — not a personal residence.

7. Recordkeeping

7.1 Documentation

The Organization must maintain accurate records for all donated products from the point of receipt through final distribution, including: date and source of each donation received, description and quantity of products received, storage location(s), date and method of final distribution, and the procedures the Organization uses to determine that donated products are used solely for the care of the ill, needy, or infants.

7.2 Retention

All donation records must be retained for a minimum of **seven (7) years** from the date of receipt — or longer if required by the applicable donor agreement, IRS regulations, or state law.

7.3 Disposal

Products that are damaged, expired, recalled, or otherwise unsuitable for charitable distribution must be disposed of responsibly. Disposal records should include the date, quantity, reason for disposal, and method used. Under no circumstances may such products be diverted to resale channels.

8. Brand Protection and Confidentiality

8.1 Brand Identity

Donors entrust the Organization with branded products. Staff and volunteers must handle branded products with care and professionalism, never alter, deface, remove, or obscure brand labels, trademarks, or packaging unless specifically instructed to do so by the donor, and never use donor brand names, logos, or trademarks in the Organization's own marketing, fundraising, or communications without prior written approval from the donor.

8.2 Confidentiality

Details about specific donations — including donor identities, product types, quantities, and values — are confidential unless the donor has expressly authorized disclosure.

9. Enforcement

9.1 Violations

Any violation of this policy is treated as a serious matter. Examples include but are not limited to: selling or listing donated products for sale without donor approval; diverting products for personal use by insiders or their families; transferring products to unapproved organizations or individuals; failing to maintain required records; providing false or misleading information about the distribution of donated products; and knowingly allowing a downstream partner to violate this policy.

9.2 Consequences for Individuals

Violations by staff, volunteers, or other personnel may result in: immediate removal from any role involving donated product handling, disciplinary action up to and including termination of employment or

volunteer status, obligation to reimburse the Organization for the fair market value of any misappropriated products, and referral to law enforcement where theft or fraud is suspected.

9.3 Consequences for the Organization

Violations may result in: loss of eligibility to receive future in-kind donations from affected donors, requirement to return or transfer remaining donated products, reporting of the violation to the donor and applicable regulatory authorities, and legal action to recover damages.

9.4 Consequences for Downstream Partners

Downstream partners found in violation will be immediately terminated from receiving further donated products. The Organization must promptly notify the applicable donor of any known or suspected downstream violation.

9.5 Reporting

All personnel have a responsibility to report suspected violations. Reports can be made to:

- Del Jacob, Board President
Hygienepantrycc@gmail.com
217-249-8971

Reports will be investigated promptly and handled confidentially to the extent possible. Retaliation against any person who reports a suspected violation in good faith is strictly prohibited.

10. Training and Non-Discrimination

All personnel who handle, manage, or make decisions about donated products must receive training on this policy upon hire or onboarding, and annually thereafter. The Organization must adhere to a nondiscrimination policy in accordance with applicable state and federal law in the distribution of donated products.

11. Policy Adoption

By signing below, the undersigned certifies that:

1. This is the **Standard No-Resale Policy for In-Kind Donated Products, Version 1.0**, adopted without modification.
2. The undersigned is an authorized representative of the Organization with the legal authority to adopt this policy on its behalf.

3. The Organization is a tax-exempt entity under IRC § 501(c)(3) and is in good standing with the IRS.
4. This policy will be communicated to all applicable personnel and enforced in accordance with its terms.
5. The Organization will require all downstream partners to sign the Standard Downstream Partner Agreement, without modification, before receiving any donated products.

Organization Legal Name:	CLU-W Hygiene Pantry of Champaign County
EIN (Tax ID):	39-3628235
Authorized Representative (printed):	Del Jacobs
Title:	Board President
Signature:	
Date Adopted:	7/31/26

Standard No-Resale Policy for In-Kind Donated Products, Version 1.0. Published by Simpli Inc. · [useSimpli.com](https://www.simpli.com) · legal@simpli.supply

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