

# ***Gift Acceptance Policies and Procedures***

***A Webinar for the General Conference Planned Giving and Trust Services Department***

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# *Poll #1*

*What type of organization do you represent*

## *What is a Gift Acceptance and Procedures Policy*

A gift acceptance policy explains an organization's position on accepting both cash and non-cash gifts and outlines the type of donors, assets or gift types to be accepted by the organization and any prohibitions.

Adding gift acceptance procedures to your policies that are communicated and practiced by all departments and personnel involved helps create a seamless gift experience for the donor and sets up consistent practices for the organization to follow. **Discipline** is a good thing.

## *Why is a Gift Acceptance Policy Important?*

- Reminds the organization when to say “No.”
- A well-crafted gift acceptance policy will help your organization minimize risk and create necessary safeguards for your organization and your donors.
- Expedites the response and acceptance process when an organization is asked to accept an unusual type of gift.
- Defines what gift instruments the organization can handle internally and when collaboration might be needed for specific gift forms.

## *Why is a Gift Acceptance Policy Important?*

- The IRS Form 990 asks whether a nonprofit has a Gift Acceptance Policy
- Effective January 1, 2023 there is a new standard issued by the Planned Giving and Trust Services Department.

“Standard 16—The organization has a PGTS gift acceptance policy approved by governing board or committee. “

## *Know what you are capable of managing before you are asked!*

Your Gift Acceptance Policy should clearly define

1. the types of assets you have capacity and are willing to accept
2. the types of gift instruments you are able and willing to establish
3. what fiduciary responsibilities the organization will take on and under what circumstances.
  1. Serve as the personal representative of an estate
  2. Serve as trustee
  3. Serve as a power of attorney
4. what gift restrictions you will allow the donor to dictate and what alternatives there are when the restriction can't be met.
5. the gift valuation process.

*Know what you are capable of managing before you are asked!*

The glittering appeal of the potential gift can cloud good judgment. It is difficult to make a list of potential problems and issues while you stare at the gift. The tendency of the planned giving or development officer is to do everything possible to accept the asset.

Kathryn W. Miree, JD

## *Poll #2*

**What is your organization's current status  
relative to a  
Gift Acceptance Policy**



## *Who develops the Gift Acceptance Policy?*

Drafting your policy should be a collaborative process

- Planned giving, major gift and other fundraising staff
- Executive director or president of the organization
- Organizational staff responsible for accounting and financial administration
- Professional consultant or advisor, if available
- Representatives from your board committee or governing committee responsible for oversight of planned giving and philanthropy program

## *Who develops the Gift Acceptance Policy?*

Policy should be vetted by organization's legal counsel prior to seeking approval

Once developed and reviewed by legal counsel, the policy should be presented to the board committee or governing committee to be reviewed and recommended for adoption by the board of directors.

The final approval for adoption should come from the board of directors or highest governing body and the date of approval attached to the policy.

# *What should be included in a Gift Acceptance Policy*

This is an outline of what is included in the Union College  
**Gift and Pledge Acceptance Policies and Procedures**

- I. Introduction (Statement of policy purpose)
- II. General Policies and Guidelines
- III. Types of Gift Assets and Types of Gift Instruments
  - Includes criteria and processes governing the acceptance of each gift form
- IV. Policies Pertaining to Commemorative Naming
- V. Policies Pertaining to Gifts of Life Insurance
- VI. Policies Pertaining to Sponsorships and Events
  - Includes Gift Deductibility Disclosure Thresholds for 2022
- VII. Policies Pertaining to Capital Campaigns
- VIII. Changes and Deviations to Policy
- IX. Date of Board Adoption
- X. Appendix includes professional standards followed and the full solicitation of funds and grants policy.

## *When should the policy be reviewed?*

- When new staff join the team—trust services, planned giving, major gifts, accounting, financial administration
- When a new form of gift vehicle emerges
- Prior to a new capital campaign for the organization
- When there's related legal or tax changes
- When there's related accounting standard changes
- When the organization deals with a challenging gift which aligned with the policy
- Best professional practice is to review every one to two years

## *How often is the policy revised?*

- With regular review as suggested, revisions can be made frequently
  - Clarifications and fine-tuning of adopted policy can be suggested
  - Amendments to policy can be proposed
  - Additions can be made when found lacking
  - Changed circumstances may restrict or expand what types of gifts are accepted
  - Access to new professional advisors may impact what types of assets and gift forms the organization can handle

## *Isn't a policy too limiting to our efforts to serve donors?*

- Your gift acceptance policy can provide for a way to make exceptions to the rules
- Such exceptions should be rare
- Define who is involved in reviewing the exception request and granting approval
  - In my opinion a governing committee with documentation in meeting minutes is best
- Require well supported, well reasoned documentation to an exception request

## *Things to think about*

- There are plenty of organizational Gift Acceptance Policies available with a simple Google search. Find several and use them for inspiration but be careful about how much of their policy scope you adopt. Your policy must meet your capabilities, your needs, your problems and your organization's values.
- Don't try to internally handle gift forms that are beyond the scope of expertise available to the organization
- Discuss if there are types of gifts or gift sources that would not align with your organization's mission and values

## *Things to think about*

- Separate the duties of board members and legal counsel. Legal counsel should be an independent observer and advisor. Using a board member as legal counsel may not ensure complete objectivity.
- If organization chooses to hold an income-producing asset for a time before liquidating it, how is the net income treated during the holding period
- What is the basis for the CGA rates you offer to donors



## *Things to think about*

- Certain attachments to your policy may be helpful
  - Real Estate Environmental Management Policies
  - IRS Form 8283 and Instructions
  - IRS Form 8282 and Instructions
  - IRS Publication 561 Determining The Value of Donated Property
  - IRS Publication 526 Charitable Contributions

## *Things to think about*

- How will unusual charitable gifts be treated
  - Frequent flyer miles
  - Gold coins
  - Leased property
  - Real estate limited partnerships
  - General limited partnerships
  - Patents
  - Savings bonds
  - Time share interests
  - Livestock
  - Farm equipment
  - Mineral rights
  - Burial plots
  - Etc

## *Things to think about*

- How will your policy be communicated to your donors so they are clear on appraisal requirements, sale of asset policies and tax implications, required asset reviews, etc.
- How much of your policy will be made available on your website, if any, and in what other forms of publication will it be made available
- Once your policy is adopted or updated, who needs to be educated about what is included in your policy and how will that be done

## *Things to think about*

- How will you proceed with creating or updating a Gift Acceptance Policy if you run into any obstacles or objections
  - Not enough time!
  - Why is this needed?
  - Etc

## **Poll #3**

**What are your thoughts following this Webinar about the Gift Acceptance Policy for your organization?**



*Questions?*

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