

**SAMPLE**  
**Gift Acceptance Policies and Procedures for Annual Fundraising**

A. Cash Gifts and Pledges

1. Unrestricted Gifts of Cash – Gifts given without restriction on the use of the gift.
  - a) Unrestricted gifts are recorded as unrestricted and used to fund current operations or to maintain reserves.
  - b) It is recommended that all contributions above \$5,000 (even unrestricted gifts) be accompanied by a statement that makes clear the donor’s intent in contributing his or her gift.
  - c) Unrestricted bequests are designated at the discretion of the Board of Directors.
  
2. Restricted Gifts of Cash – Gifts given for purposes specified by the donor -- only donors can restrict gifts.
  - a) Gifts restricted for Operations are recorded and deposited into the current operating account or into the Operating Reserve.
  - b) Gifts restricted for Programs are recorded and deposited into the Program Reserve to be used for current or future programs as specified by the donors.
  - c) Gifts restricted for Endowment are put into the Endowment Fund with interest only to be used as specified by donors.
  
3. Pledges – Promises to contribute amounts specified by donors.
  - a) Pledges may be restricted or unrestricted as described above and may be one-year or multi-year commitments.
  - b) Pledges are expected to be fulfilled with contributions of cash or stock.
  - c) For in-kind contributions to be used to fulfill pledges, the contributions must cover expenses that appear in the annual budget.
  - d) Annual Fund pledges are expected to be paid in the fiscal year in which they are pledged and thus are not reflected in the audited financial statement.
  
4. Matching gifts:

Unless the company specifies otherwise, matching gifts from corporations follow the restrictions of the donor whose gift is being matched: if a donor makes an unrestricted gift, the matching gift is unrestricted and, if the donor makes a restricted gift, the match is likewise restricted. ABC Charity counts matching gifts toward an individual’s gift total in the year the matching gift is received.

5. Publicly Traded Securities:

Upon receipt of a gift of donated securities, the Development Director or the Executive Director or their designee places, as soon as practical, the securities with a recognized broker for sale at the earliest practical date. It is not ABC Charity's policy to hold securities for an extended length of time. Such gifts are credited to donors according to current IRS codes.

6. Credit Cards:

ABC Charity accepts VISA, MasterCard, and American Express. For gifts made by credit card, the date the charge is accepted for processing by ABC Charity is the applicable date of the gift.

B. Non-Cash Gifts

1. In-Kind Contributions – Gifts of goods or services.

- a) When ABC Charity receives a gift of goods and services, often referred to as a "Gift in Kind" (e.g., building materials, equipment), or a gift of individual or corporate services (e.g., advertising, printing, installation, etc.) and the value of that gift is determined to be less than \$5,000, the gift is processed as a non-cash gift and is considered restricted in nature. ABC Charity does not issue a receipt showing the cash value of such gifts, but acknowledges receipt of the object or services.
- b) In-kind contributions that cover expenses in the annual operating budget may be used to fulfill pledges to ABC Charity. Such a contribution is acknowledged as payment toward the pledged amount.
- c) For any gift-in-kind with an apparent value in excess of \$5,000, the gift is considered restricted, and ABC Charity is required to sign the Form 8283 which must be filed by the donor with the Internal Revenue Service; it is important for ABC Charity to retain a copy of the signed and executed Form 8283. If ABC Charity disposes of the item in question within two years of its receipt, ABC Charity must file Form 8282 with the Internal Revenue Service.
- d) For tax purposes gifts in kind must be valued by the donor and costs associated with an appraisal are the responsibility of the donor.

2. Real Estate or Real Property:

- a) No gift of real estate or real property is accepted if such acceptance causes Paul Place's to incur a financial burden, potential liability, or other obligations, unless otherwise determined by the Board of Directors.
- b) In most situations, a Phase I environmental impact study done at the owner's expense, is required to accompany a gift of real estate.
- c) Acceptance is contingent on an independent appraisal paid for by the donor. ABC Charity does not value any such donated item for tax purposes.
- d) If property cannot be liquidated in a reasonable amount of time, ABC Charity may choose to decline the gift.

3. Life Insurance

- a) ABC Charity accepts only fully paid insurance policies for which ABC Charity is named as beneficiary and the irrevocable owner of the policy.
- b) Gifts of life insurance are credited at face value as pledges receivable as designated by the Board of Directors unless specified by the donor.

4. Closely Held Securities

- a) Gifts of closely held securities are subject to prior approval of the Executive Committee. The valuation of securities that are not publicly traded is the responsibility of the donor, and such gifts must be accompanied by an independent qualified appraisal to be credited toward the Campaign.
- b) Gifts of closely held securities are accepted barring any restrictions on their sale and once their legal marketability is determined. The donor is required to provide this valuation if appropriate.
- c) Securities need to be marketable and able to be liquidated in a reasonable amount of time.
- d) Donor is responsible for all costs associated with ensuring donated securities are marketable with no restrictions.

5. Planned Gifts

- a) Trusts – ABC Charity welcomes Charitable Remainder Trusts, Charitable Remainder Unitrusts, and Charitable Lead Trusts. While ABC Charity does not actively manage such trusts, it does refer donors to appropriate professionals who can assist them.
- b) Gift Annuities – This contractual agreement whereby Paul Place pays the beneficiary a specified annuity for life in exchange for a gift may be entered into after consideration by the Executive Committee of the size of the gift and the life expectancy of the annuitant, as well as of general market rates. The minimum gift accepted for a gift annuity is \$AMOUNT [often \$25,000].

C. Named Funds

A donor may establish a Named Fund, provided the Board does not find the name to be unacceptable, with a minimum contribution of \$AMOUNT. In establishing a Named Fund, an agreement must be signed by both the donor and the Executive Director and Board President which sets forth:

- a) The name of the donor/donors; b) The name of the Fund; c) The initial amount given or pledged to establish the Fund; d) The purpose of the Fund; e) An understanding that the Fund's principal is pooled with other endowments for purposes of investment and income distribution or allocation, and f) that the Fund is governed by general policies established by the Board with regard to the investment and disbursements of the endowment, as amended from time to time.

Agreements establishing Named Funds are reviewed and approved by the Executive Committee of the Board of Directors prior to acceptance of the Named Fund. Signed Named Fund Agreements are on file in the Development Department.

D. Unacceptable Gifts

The Executive Committee makes the final decision about acceptance of gifts that may be deemed to fall outside of established policy guidelines. ABC Charity is not required to accept any charitable gifts or contributions, particularly those which:

1. Are designated with restrictions that fall significantly outside the organization's mission and program priorities;
2. May cost the organization money, provide a liability or potential penalty of any kind;
3. Have conditions that are not in the best interest of ABC Charity, or those that fall outside ethical boundaries.
4. Are not able to be liquidated into cash in a reasonable amount of time.

E. Interpretation of Gift Acceptance Policies

The Development Director is assisted in the interpretation and implementation of these guidelines by the Executive Director, the President of the Board of Directors, Treasurer, Finance Committee and Executive Committee. Other Board members may be consulted at the Executive Committee's discretion. Advice may be sought from the agency's auditors. The Executive Committee's role is to approve gift agreements and the acceptance of gifts that deviate from these policies.

F. Review and Amendments of Gift Acceptance Policies

1. Responsibility for review and suggested amendments is with ABC Charity Development Director.
2. The procedure to amend these guidelines is as follows: The Development Director provides written recommendations to the Executive Director, who presents these recommendations to the Finance and Executive Committees of the Board of Directors.

G. Code of Conduct

Representatives of ABC Charity exercise caution to avoid pressure, persuasion or undue influence and encourage donors to seek their own counsel when considering a planned gift option.

All personnel employed by ABC Charity to contact prospective donors or to promote the planned gifts program are paid a salary or fixed wage, and not receive commissions which could give such personnel a direct beneficial interest in any agreement.

G. Confidentiality

ABC Charity recognizes that it is in a position of trust with the donor, and that the donor has placed trust in the organization concerning confidentiality. Therefore, all donor information, correspondence and governing instruments is kept in a secure place, which is accessible to individuals with approval of one of the following: the Executive Director and the Director of Development. It is known throughout ABC Charity that this is confidential information.

H. Use of Constituent Lists

It is the organization's policy not to sell its constituent lists to individuals or organizations interested in using it for fund raising.

I. Protection of Donor's Interest

No program, agreement, trust, contract or commitment is knowingly urged upon any prospective donor that would benefit ABC Charity at the expense of the donor's interest and welfare.

No agreement is made between ABC Charity and any agency, person, company or organization on any matter related to investments, management or otherwise which knowingly jeopardizes the donor's interest.

J. Use of Legal Counsel

A prospective donor is advised to seek legal or tax counsel of his/her attorney in any and all aspects of a proposed gift, whether by bequest, trust agreement, contract, or outright gift. They are advised to consult with their attorney or accountant on matters related to the tax implications and estate planning aspects of a planned gift agreement.

ABC Charity consults with separate legal counsel in all matters pertaining to its planned giving program and consults counsel when executing agreements, contracts, trusts or legal documents. In no case is ABC Charity's attorney the attorney for the donor. Donors are advised to seek their own legal or tax counsel.

No legal fee is paid by ABC Charity for the drafting of a will or other trust instruments on behalf of prospective donors even if the organization is to be named as a beneficiary. No legal fee is paid by ABC Charity for determining the marketability of any donated property, whether securities or real property. The Executive Committee must authorize any exemptions to this policy.

K. Gift Acknowledgement Policies

Effective 1994, the Omnibus Budget Reconciliation Act of 1993 (OBRA) added Internal Revenue Code section 170(f)(8) which denies donors a charitable deduction for any contribution of \$250 or more unless the donor obtains a written acknowledgement of the contribution from the charity. ABC Charity is in full compliance with the law; it is the policy of the organization to provide an acknowledgement for all gifts regardless of the size.

The law also requires charities to provide written disclosure about the solicitation or receipt of quid pro quo contributions that exceed \$75.00. The disclosure must: inform the donor that the amount of the contribution that is tax deductible for federal income tax purposes is limited to the excess of the amount on any money and other property contributed by the donor, over the value of the goods and services provided by the charity; and provide the donor with a good faith estimate of the value of such

goods and services. This disclosure must be made when the contribution is solicited or when the contribution is received.

There are three situations in which a disclosure is not required: where the goods or services are “insubstantial,” i.e., token or otherwise de minimus;” where no donative intent is present, i.e., sales of T-shirt at reunion, where only an intangible benefit is provided to the donor, i.e., participation in a religious ceremony.

L. Policy for Thanking Donors

In addition to processing all gifts and generating gift receipts, the Development Department is also responsible for thanking donors for their gifts in a timely manner. This acknowledgement includes the official gift receipt. ABC Charity has established internal procedures for thanking donors for their contribution including information on who signs the letter, what type of acknowledgement letter is sent, what letters are kept in permanent files, etc.