

The Importance of a Gift Acceptance Policy

Provided by Manning & Napier

September 2021

What types of gifts will your organization accept? What is the process for accepting them? The answer is usually straightforward for simple cash gifts. But as an organization expands its fundraising efforts, the answers can become more complicated. Non-profits should have well defined procedures that provide a seamless gifting process for both the organization and donor. This is the role of a gift acceptance policy; a document which can be considered a prerequisite for any organization seeking complicated donations such as legacy, endowed, or planned gifts.

Whether you want to write your first policy or take a fresh look at an existing one, here are some important strategies to consider when it comes to gift acceptance policies:

Start with the Basics and Refine Over Time

Not every policy needs to cover all possible types of gifts, at least not right away. It's difficult to foresee the practical issues of accepting certain gifts without working through them in real time. This is why it's a good idea to start with the basics and refine your policy over time as your organization gains experience. You need a policy, but you don't need a perfect policy right away. Start by listing the typical types of gifts you might expect to receive: cash, marketable securities, bequests, beneficiary designations, charitable trusts, etc. As your organization gains experience with more complicated gifts like tangible property, real estate, and bargain sales, you can assess how and when it makes sense to accept those gifts and adjust your policy accordingly.

Think Carefully About the Gift Review Process

Consider classifying gifts into "routine" and "non-routine" categories. The former might require little review. These types of gifts can be accepted in the regular course of duties of your development personnel. Non-routine gifts, however, might require a more diligent review process. It pays to think carefully about how to best review a non-routine gift. Some organizations choose to establish a gift review committee that might include staff and board members. Other organizations might choose to grant this power to the executive director with high level oversight left to the board. Choose a process that best fits the capacity of your organization and strikes the right balance between establishing specific procedures and leaving you enough flexibility.

Gift Acknowledgment is More Than Just a "Thank You"

Donors are eligible for a charitable tax deduction in accordance with current IRS regulations. In some cases, your organization may be required by the IRS to officially acknowledge a gift and report its value. One example is IRS Form 8283. This tax form is filed by a donor when their deduction for all non-cash gifts is more than \$500. It must be acknowledged and signed by the recipient organization for the year in which a donation takes place. Furthermore, if an organization sells the donated property within three years

it must file IRS Form 8282 which notifies the donor and the IRS of the dollar amount for which the donation is sold. Generally speaking, the larger and less liquid a donation is, the more complications arise in terms of how to acknowledge, record, and if needed, appraise that gift. Keep this in mind when deciding which gifts your organization should accept.

Don't Keep it a Secret

Gift acceptance policies also play an important role in managing donor expectations. For many organizations, a gift acceptance policy provides a guide to help prospective donors who are considering a gift. Are there any gifts that might run counter to the organization's values? Do some gifts lead to obligations that an organization isn't equipped to handle? A good policy helps donors find answers to these questions and provides helpful backup to front-line staff for why they can or can't accept certain gifts. Some donors might be sensitive to how a gift is judged by an organization. A gift acceptance policy helps to de-personalize and streamline these decisions so that both donors and organizations are on the same page. Your organization might consider posting its policy to its website or at least creating a process for determining how donors can receive copies of the policy if needed.

