



Gift Acceptance Guidelines

A ministry should evaluate the following factors in considering potential gifts:

- whether the gift is consistent with the ministry's tax-exempt purposes
- whether the ministry can exercise sufficient control over the gift
- whether the gift has the characteristics of an earmarked transaction
- whether it will cost the ministry money to own the asset
- whether it will cost the ministry money to sell the asset
- staff and volunteer time required to manage or sell the asset
- whether owning or selling the asset will expose the ministry to liability
- the marketability of the asset and the cash flow it can be expected to generate

Purpose of the Guidelines

1. To protect the interests of the giver, the ministry, or causes named as the beneficiary of a gift.
2. To make certain all gifts to the ministry are structured to provide maximum benefits to the giver and the named entity.
3. To encourage interested givers to make gifts without encumbering their own or the ministry's financial or other resources.
4. To optimize opportunities to secure gifts from individuals to causes without compromising or endangering the reputation of the ministry.

General Guidelines

1. No gifts will be accepted that cannot be used or expended consistently with the purpose and mission of the ministry.
2. No irrevocable gift, whether outright or life-income in character, will be accepted if, under any reasonable set of circumstances, the gift would jeopardize the giver's financial security.

3. Any gift presented to the ministry without the approval of a ministry representative shall not be received until after it is determined that the intended gift and the manner in which it is given is in the best interest of the giver.
4. Givers should always be advised of their own need for legal or tax counsel to assist them in the process of making their gift. Ministry staff shall avoid becoming involved in what can be interpreted as unauthorized practice of law. Any suggestions made to a giver by ministry staff should be accompanied by encouragement to seek advice from the giver's professional counsel and/or financial advisors.
5. Every precaution shall be taken by the ministry staff to protect the privacy and confidentiality of each giver and the giver's family. Permission must be obtained before any public acknowledgment is made of gifts received by the ministry. The right of anonymity must always be respected.
6. The ministry staff shall attempt to have key executives meet with each individual giver prior to, or concurrent with, the execution of a gift agreement. In the case of charitable remainder trusts or other complex arrangements, such a meeting is mandatory. These arrangements must be reviewed by the ministry's legal counsel.
7. In all cases, any professional advisors such as attorneys or CPAs hired by the ministry must recognize that their client is the ministry and that they do not represent the giver. Professional advisors for the ministry will always seek to work with the advisors for the giver.
8. Gifts shall not be accepted where the mental competency of the giver is in question. This does not preclude a person acting in the capacity of attorney-in-fact from making a gift from the estate of the individual granting the power of attorney. In this event every consideration shall be given to the giver's charitable giving habits and financial condition to ensure that the gift is in the best interest of the giver and is carried out in a prudent manner. The giver's power of attorney must specifically grant the power to make charitable gifts.
9. The ministry will provide gift acknowledgments meeting IRS substantiation requirements for property received by the ministry as a gift. However, except for gifts of cash, no value shall be ascribed to any acknowledgment or other form of substantiation of a gift received by the ministry.
10. Investment considerations and gift considerations are in all cases to be evaluated separately, each on their respective merits. In no event shall the offer of a gift be tied in any way to an investment action or decision by the ministry.
11. The ministry shall in no way compensate—whether through commissions, finders' fees, or other means—any third party for directing a giver to the ministry.
12. All written instruments setting out the description and terms of a gift shall be reviewed by legal and/or tax counsel on behalf of the ministry and a written report made to key staff on its compliance with applicable laws and regulations as well as an explanation of its potential liability to the ministry.

Types of Gifts

1. Both current gifts and deferred gifts shall be actively encouraged. Response to each type of gift should be prompt without regard to the monetary value or timing of the individual gift. The decision to accept or reject any gift, whether current or deferred, shall be weighed on the merits of the individual gift, always regarding the giver's intent and financial condition as well as the benefit to the ministry's causes.
2. Any large gift subject to a restriction shall be accepted only after review by the ministry's legal counsel and/or the governing board. Every effort shall be made to ensure the restrictions on the gift do not negate any potential benefit to the intended cause. Also, the restrictions should not encumber the ministry staff with excessive additional responsibilities that would make the gift inadvisable.
3. The ministry should not be engaged in the execution of notarial wills. The ministry may, however, provide gift clauses for inclusion in wills by givers and/or their personal counsel.
4. Gifts of real estate are acceptable only after the following criteria are met:
 - a. A personal inspection is conducted by an appropriate ministry staff member.
 - b. Giver has received a copy of "XYZ Ministry Policies Regarding Real Estate."
 - c. Determination is made that the property has not been utilized in a manner that would cause embarrassment to the ministry.
 - d. An appraisal satisfactory to the IRS gift substantiation requirements has been completed, and the ministry and giver have reached an understanding as to the valuation of the property.
 - e. Debt, insurance, homeowners' association fees, property taxes, and other carrying costs have been assessed as to the effect on the advisability of taking the gift.
 - f. Appropriate steps have been taken to determine if any other liabilities might attach to the property such as leases, contracts, or servitudes.
 - g. All pertinent information regarding the property is supplied by the giver. This would include names of owners and co-owners (and percentage ownership), recent tax statements, address and/or legal description, and description of current use.
 - h. Giver must convey all his/her undivided interest in the real estate including any mineral interests. A gift of partial interest is not considered to be a charitable gift by the IRS. This would disqualify such a gift from income-tax and estate-tax deductions.
 - i. The ministry may recover any costs of managing real estate by charging a fee that is determined by the schedule set by the governing board.
 - j. The giver must be willing to bear the costs associated with the gift of real estate, such as legal fees, real estate commissions, management fees, and appraisals, or have these costs deducted from the sale of the property.

- k. The governing board must approve any exception.
5. Gifts of real estate are ordinarily acceptable only after it has been determined that no reasonable possibility exists that the property could be contaminated by toxic waste. An initial personal inspection shall be made by an appropriate ministry staff member. This inspection shall include both a physical inspection and an investigation of the recent ownership history of the property. If, after inspection, it is determined that there is a substantial likelihood that the property has been environmentally impacted, the property may not be accepted. If, after inspection, it is determined that a reasonable possibility exists that the property has been environmentally impacted, an inspection must be made by a licensed environmental consultant, who must certify, within the context of a Phase 1 Site Assessment, that no contamination exists before the property may be accepted. The inspection should be performed in general conformance with the scope of American Society for Testing and Materials (ASTM) Practice E1527. The expense of inspection must be borne by the giver unless an exception is approved by the governing board.
 6. Gift annuity contracts are to be entered into by the ministry upon approval of the Executive Director. In no event shall a gift annuity contract be agreed to which pays an income at a rate in excess of an actuarially prudent rate of return. The ministry will invest the gift in a manner that will attempt to protect the integrity of the principal amount given. Gift annuities will not be funded with real estate or other illiquid assets. Givers must be reminded, in correspondence or conversation with them and their advisors, that a qualified charitable gift annuity is not insurance under the laws of their state.
 7. Gifts of life insurance shall be accepted after examination of funding of the policy and the gift substantiation requirements. Ministry staff members shall avoid even the appearance of giving an endorsement, either implied or direct, to any life insurance product, company, or agent.
 8. Where a personal residence is the subject of a gift, it will not be accepted without the approval of the governing board if the right to utilize the residence is vested in a person other than the giver. Gifts of personal residences will be subject to the ministry's real estate policies and environmental assessment procedures.
 9. Gifts of oil and gas rights may be received absent extenuating circumstances such as extended liabilities or other conditions making receipt of the gift inadvisable. Each potential oil and gas gift shall be examined by a professional advisor with experience in mineral leases to determine if there are extenuating circumstances which would factor against accepting the gift.
 10. Donated stocks require special evaluation when the stock relates to closely-held business corporations that are not listed on stock exchanges, partnerships, or limited liability corporations. Marketability can be a challenge since the potential buyers are generally the other owners of the business who may be relatives of the giver. Small business owners often enter into agreements with the other owners that limit their ability to sell their stock.

Many small businesses, including partnerships, limited liability corporations and "S" corporations (corporations described in sub-chapter S of the Internal Revenue Code) pass taxable income through to the owners.

For a ministry, income from a pass-through entity may be subject to unrelated business income tax.

Gifts with Restrictions

1. The governing body shall maintain a listing of restricted funds for which the donations will be accepted. Restricted funds shall not be received for restrictions other than these funds without prior board approval.
2. Any giving appeals by the ministry will clearly indicate whether a restricted or unrestricted gift is being sought in the gift appeal.
3. If a gift is received without any giver restrictions (either explicit or implicit restrictions), then such contributions shall be placed in the ministry's unrestricted fund balance. Similarly, if a gift is received with either an explicit or implicit restriction, and it is in conformity with board-approved restrictions, then such contributions shall be placed in the ministry's correlating restricted fund account.

Givers shall be informed in gift acknowledgments whether their gift was reflected as an unrestricted gift or a restricted gift. If a gift is a restricted gift, the restriction will also appear on the gift acknowledgment.

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