

Why You Need Gift Acceptance Policies

How Thoughtful Planning about Non-Cash Gifts Can Improve Your Donor Relationships

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ALL GIFTS ARE NOT EQUAL!

Have you ever answered your office phone and received an offer of a donated timeshare? Has a well-meaning volunteer approached you with a new and exciting way to promote future gifts through a life insurance program? If not, let me assure you that it's only a matter of time until a scenario like this happens. And if it already has, you may have hesitated to commit an answer and then struggled over the consequences of rejecting or accepting it. All gifts are not equal in their financial value to your organization, nor are they equal in value and impact from one nonprofit to the next. A gift acceptance policy that clearly sets forth your organizational position on non-cash and deferred gifts not only provides you a road map but also removes the development team from the decision-making process and puts it squarely with the board of directors or trustees, where it belongs.

When first considering gift acceptance policies, you should start with an inventory of the types of gifts you currently accept, coupled with gifts that have already been offered but that you have turned down. Add to your list gifts that you are considering accepting in the future. With this in hand, you are ready to start the process of formulating your organization's gift acceptance policies.

POLICIES ALLOW STAFF TO MAINTAIN CONSISTENCY AND STANDARDS

The most practical application of gift acceptance policies is that they provide development staff and volunteer leadership with a guide from which to solicit mission funds. Policies outline the types and forms of donations that will be readily accepted or may be accepted after further review. This allows financial and development staff to concentrate on the day-to-day process of accepting, recording, acknowledging, and stewarding commonly received gift assets routinely. Equally, policies direct staff to seek leadership approval for certain gifts or even direct staff to reject an offered gift outright. By default, they frame the organization's marketing efforts both to insiders and to general constituents.

WHAT SHOULD THE POLICIES INCLUDE?

There are many examples and templates of gift acceptance policies available for general use through consultants and the Internet. Every organization, however, needs policies that incorporate its specific requirements. Policies adopted by the local animal shelter will vary from those of a child advocate program; a youth organization dedicated to teaching sailing may accept boats and boating equipment, while a public radio network may choose to reject such gifts. While a simple planned gift program's policies could be completed in less than ten pages, every organization should consider the following sections .



Executive Summary

Many nonprofit organizations don't believe their fundraising programs are sophisticated enough to require a gift acceptance policy, especially those whose funding is primarily based on memberships, annual gifts, and special events. But it's only a matter of time before a donor offers you a remote desert property, a share in a race-horse, or another unexpected gift. A well-crafted policy can help you replace an awkward rejection with a structured discussion and eventual gift that is both meaningful to the donor and appropriate to further your mission.



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- A statement on the organization's mission and purpose of the gift policies;
- Guidelines on when to use outside legal counsel;
- A list of the types of gifts that can be accepted on behalf of the organization by development staff and the types of gifts that require approval from the chief executive or chief financial officer;
- A description of the types of gift restrictions that are acceptable;
- A listing of the types of planned gift vehicles accepted;
- A description of the form of gifts accepted;
- A statement regarding the disposition of gifts accepted;
- A statement regarding the organization's role in gift administration;
- A statement regarding the responsible party for legal and professional fees to complete the gift;
- A statement of appropriate reporting, counting, and valuation of gifts on the nonprofit books;
- Regular review and changes to the policies.

POLICIES DRIVE YOUR FUNDRAISING MARKETING EFFORTS

Up-to-date and flexible gift policies provide development staff with a list of current and deferred gift types to market to appropriate donors. The exercise of creating and periodically reviewing the policies also educates paid and volunteer leadership on acceptable gift forms and may provoke interest in one or more giving methods amongst this group of insiders and loyal supporters.

For example, a nonprofit board or development committee that sets about to understand and prepare to offer charitable gift annuities must look at several issues. These include whether to determine a minimum initial gift value and whether to set a minimum entry age for donors. This could also include choosing an outside management firm to handle the administration and legal reporting of the program and the decision to reinsure the contracts or not. The process by itself educates and cultivates the committee members on the giving vehicles and creates an inherent opportunity to qualify and solicit members to complete a charitable gift annuity contract.

The same is true for all deferred and non-cash gift subjects: If your policy does not allow the acceptance of gifts of real estate, naturally you will neither promote such gifts nor use examples of gifts that include the use of real estate in your marketing. The policies themselves prevent you from sending mixed messages to your donors.

Once your policies are written, you can begin to focus on promoting the gifts from which you expect to receive the highest return. Maximize your chances for success by identifying and target-marketing your most likely prospect segments. Predictive giving behavior modeling from a technology provider is one such solution.



About the Author

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With more than 20 years of legal and nonprofit management experience, Katherine Swank has raised approximately \$215 million for national healthcare and public broadcasting organizations, as well as an independent law school. Prior to joining Target Analytics in May 2007, Ms. Swank was the national director of gift planning at the National Multiple Sclerosis Society, where she provided fundraising consulting services to the Society's chapter leadership and development staff for six years. She is an affiliate faculty member of Regis University's master of nonprofit management degree program in Denver, teaching classroom and online courses on wealth and philanthropy. She holds an independent studies degree from the University of Northern Colorado and a law degree from the Drake University School of Law in Des Moines, Iowa.

USE YOUR GIFT ACCEPTANCE POLICIES TO ENHANCE DONOR RELATIONSHIPS

Make your gift acceptance policies a conduit for your major and planned giving programs. If you accept bequests through wills and trusts, you will want to collect stories of both living and deceased donors who have completed these gifts. If donors routinely give you gifts of stocks or securities, be sure that your annual fund solicitations reveal this fact. Don't assume that all of your donors want to make a gift using a check or a credit card. Non-cash gifts can be easy to accept and, generally, they are larger than cash-equivalent gifts. Frequently, a non-cash or deferred gift reflects a close bond that a donor feels with your organization. Pay attention! Your donor is raising his hand when he gives you a gift of stock. Your volunteer is indicating her intention to create a closer relationship when she mentions that she has left you a gift in her will.

Use these indicators to move a seemingly ordinary donor or volunteer into your pool of constituents who receive extraordinary attention. People who care enough to include you in their final plans alongside their loved ones or reach into their portfolio of long-term financial investments are special. Statistically speaking, they will become more consistent and larger annual donors, and their planned gifts may turn out to be ten times, a hundred times, or even several thousand times larger than their average annual gifts.

Additionally, these extra-special people create a very personal collection of real-life donor stories that provides you with ready-to-use examples for marketing materials, such as newsletter articles, pictorial advertisements for internal publications, and your website. Lists of donors who have completed planned gifts, both living and deceased, make a vivid statement that you accept deferred gifts, you are prepared to steward them correctly, and you appreciate them.

Remind your donors at every opportunity of the types of gifts that you accept. Start by informing and periodically reminding your leadership and staff. Expand your efforts by target marketing specific gift ideas to your most likely constituents. Here is a short list of ways to keep your policies current and relevant to your mission funding efforts, as well as to encourage your constituents to make such gifts:

- Publish your gift acceptance policies on your website and in your annual report;
- Recognize donors who have completed legacy gifts in your regular publications;
- Provide check-off boxes, a website address, and the name and contact information of the person who can provide information about planned gifts.

For more ideas on marketing planned gifts to your constituents, read *How the Right Marketing Strategies Can Enhance Your Planned Giving Program*, a white paper by Lawrence Henze.

Make certain that your leadership and staff have the opportunity to hear about and consider planned gifts as well. After all, your closest, most active, and committed friends may well be the first to consider and complete a planned gift. To do this:

- Include your gift acceptance policies in your board of directors orientation materials;
- Make certain the review of the policies is on the board agenda at least annually;

- Include them in your staff orientation materials;
- Give staff members a copy of your donor stories and invite them to ask questions about making planned gifts;
- Highlight board and staff members who complete a gift, and make them part of your recognition society.
- Consider special recognition in your annual report for staff and leadership with planned gift commitments.

Also create a simple hand-out sheet that lists the different “ways to give” to your organization. Generally, such a marketing tool can be one page in length and gives a short description of the types and forms of gifts you accept. Your gift acceptance policies provide you the list. This piece should be easy to read, and you should stay away from technical language. Talking to donors about planned gifts is more like going on a date than it is like having a financial meeting. To find out how to start these conversations, read another one of my white papers *How To Talk with Donors about Planned Gifts*.

CONCLUSION

Gift acceptance policies provide a well-lit path upon which donors can find their way. Determining which non-cash and deferred gifts are most appropriate for your organization not only focuses your solicitations but hones your marketing resources toward those groups of prospects most likely to respond. Use the attached sample checklist to get started today!



About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 19,000 organizations use one or more of Blackbaud products and services for fundraising, constituent relationship management, financial management, direct marketing, school administration, ticketing, business intelligence, website management, prospect research, consulting, and analytics. Since 1981, Blackbaud’s sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Canada, the United Kingdom, and Australia.

For more information about Blackbaud solutions, contact a Blackbaud account representative. In the United States and Canada, call toll-free 800.443.9441. In Europe, call +44 (0) 141 575 0000. Visit us on the web at www.blackbaud.com.

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NON-CASH GIFT INVENTORY

Use this inventory to lead a discussion on your organization's desire to accept, administer, and dispose of the each of the following non-cash gift types:

| Gift Type | Acceptance Status | | | Gift Acceptance Policy Status | |
|---|--------------------------|--------------------------|--------------------------|---|---|
| | Currently accept | May accept in the future | Will not accept | Is included in current gift acceptance policies | Needs to be updated/ included in gift acceptance policies |
| Stocks and securities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mutual fund shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Distributions from commercial annuities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Real property (land and/or buildings) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Tangible personal property | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bequests | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Charitable gift annuities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bargain sales | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Life income arrangements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Life insurance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Distributions from retirement plans | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Oil, gas, and mineral interests | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Timeshares and partial interests in real estate | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Business interests | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Closely held securities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Animals | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Automobiles, boats, and other vehicles | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |