

# IT'S TIME TO REVISIT YOUR GIFT ACCEPTANCE AND WINDFALL GIFT POLICIES

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Make sure you have a dynamic gift acceptance policy in place that manages donors' expectations and prevents misunderstandings as strongly as it reinforces your mission. A dynamic gift acceptance policy changes over time, evolving to be specific about what gifts will or won't be accepted, and which are subject to review prior to acceptance.

Over time, almost every nonprofit will receive one or more windfall gifts. By creating a windfall policy, the nonprofit can establish a longer term vision for such a gift rather than react to only the immediate needs of the nonprofit.

Having these policies in place prior to your next fundraising, planned giving or capital campaign should help guide your board and staff, and define their responsibilities.

# 1

## What Your Gift Acceptance Policy Should Do

- Define your mission statement
- Define types of gifts your nonprofit accepts
- Define gift acceptance criteria
- Assign gift acceptance oversight authority
- Establish a gift acceptance committee to review complex gifts
- Allow acceptance of unrestricted gifts
- Decline gifts that are too restrictive in purpose, too difficult to administer or outside your nonprofit's mission
- Allow for the graceful "no" to inappropriate gifts
- Authorize your nonprofit to be appointed as trustee, executor or fiduciary
- Encourage donors to seek independent counsel regarding their gift's tax and estate planning consequences
- Acknowledge donor, protect donor confidentiality and honor requests for anonymity
- Outline gift acknowledgement forms and procedures
- Require periodic review

Start with something simple, broad and brief. For example: Nonprofit XYZ solicits and accepts gifts consistent with its mission. Donations will generally be accepted without limitations. In the course of its regular fundraising activities Nonprofit XYZ will accept donations of cash, real property, personal property, publicly traded securities and in-kind services. Certain types of gifts must be reviewed prior to acceptance due to liabilities they may pose for Nonprofit XYZ. Examples of gifts subject to review include gifts of real property, gifts of personal property, and gifts of publicly traded securities.

# 2

## What your Windfall Gift Policy Should Do

- Define a threshold amount for an unrestricted gift for the windfall gift policy to be in effect
- Define how funds will be allocated
- Acknowledge that an unrestricted gift under the threshold amount may be used as needed to meet the needs of the nonprofit
- Acknowledge that a donor's restricted gift will be put to use as designated by the donor
- Give donors confidence that the organization's leadership is capable of properly stewarding unrestricted transformational gifts
- Be as specific as needed

Start with something simple, broad and brief. For example: A windfall gift to Nonprofit ABC is defined as any unrestricted gift that represents more than X% its annual operating budget. If Nonprofit ABC receives a windfall gift, it will (a) designate Y% for general operating expenses; and (b) place the remainder of the windfall gift into a reserve account.

# 3

## Who Should Help

- Create a working group of staff members and advisors familiar with the gift acceptance process and knowledgeable about gifts' technical aspects
- Inform the board the process has been initiated and the group's objectives
- Review other nonprofits' policies, tailoring relevant content to your organization's unique objectives

# 4

## Benefits & Best Practices

- Recognizes the responsibility of the board to make appropriate decisions regarding the use of unrestricted and restricted funds
- Gives staff direction without board direction at each occurrence
- Eliminates the make-a-policy-as-needed approach
- Strengthens the gift administration process
- Allows staff and the board to work through practical issues associated with short-term needs
- Provides for the long-term goals of the nonprofit

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