



***“Gift Acceptance Policies – Why Formal Gift Policies are a Development Office Essential.”***

***By Peter A. Caputo, CFRE***

**Grabbing More Than the Low Hanging Fruit**

Gifts of cash provide an easy transaction in any development office. The gift is given, received, credited to the donor and acknowledged. Cash gifts are simple and straightforward to manage. But, if your fundraising program is focused primarily on gifts of cash, you may be overlooking an extremely beneficial source of gifts. There are other valuable avenues to consider. Along with gifts of cash, the success of your fundraising efforts may be greatly enhanced by considering an array of planned gifts programs.

**The Planned Gift Approach**

Implementing a cash-based gift program leaves a tremendous amount of opportunity on the table. Of all the wealth in the United States, roughly 5% is in cash. Further estimates show that only about 10% of what people have to give in charitable contributions is in the form of cash. In *The Chronicle of Philanthropy's* ‘Philanthropy 400’ for 2003, 28 organizations raised at least 50% of their gifts in non-cash contributions.

The following is a sample from that list:

<u>Organization</u>	<u>Total Private Support</u>	<u>% from Non-cash gifts</u>
Children’s Hunger Fund	\$48,577, 534	96.9%
Catholic Medical Mission Board	\$134,037,998	93.6%
Old Dominion University	\$44,146,530	84.4%
Public Broadcasting Service	\$221,776,485	80.9%
Princeton University	\$227,469,072	65.2%



Given those statistics, many nonprofit organizations are expanding their fundraising staff and providing them with the necessary training to solicit non-cash gifts of securities, stock in closely held businesses, real estate, and intellectual property. And this is in addition to the more traditional planned gifts – CRUTs, CRATs, CGAs, etc.

### **Defined Policies Are Critical for Success**

A well defined set of gift acceptance policies cannot guarantee success of your fundraising program, but having those policies in place is essential in helping you manage the process and avoid serious mistakes and donor mistrust and/or alienation

### **Key Benefits**

The following outlines the benefits of implementing a well defined Gifts Acceptance Policy. A Gift Acceptance Policy will:

1. Define the role of the Development Office in accepting and managing all gifts to the organization.
2. Define what is and is not a gift.
3. Define who may accept gifts on behalf of the organization.
4. Provide for the use of legal counsel when necessary.
5. Establish an ad hoc gift acceptance committee to determine the feasibility of accepting gifts such as real estate, bargain sales, or other types of gifts. It also may consider gifts that present questions as to whether they are within the role and scope of the organization; present questions based on the size or nature of the gift, as to the impact on the organization or a particular program or area; or might raise questions about the organization's integrity, independence, or litigation.
6. Define the process for gift valuation including the responsibilities of the donor.
7. Present the circumstances for accepting gifts of life insurance.
8. Set minimum levels for CRTs, CGAs and pooled income fund gifts.
9. Showcase flexibility where possible and the organization's intent to confer with the donor and his/her advisors in making a gift.
10. Support the Trustees in thinking how they might consider their own non-cash gifts to the organization.

The benefits of a formalized Gift Acceptance Program are invaluable.

### **About Caputo & Associates**



Caputo and Associates, LLC helps nonprofit organizations realize maximum fundraising potential and management performance through results oriented techniques and strategies that utilize both traditional and innovative methodologies. We can work with you, your senior management team, legal counsel and Board of Trustees to assemble a set of policies that fits your organizations current needs and can easily be adapted in the future.

**For more information contact:** Peter A. Caputo, CFRE  
449 Athens Avenue  
Wynnewood, PA 19096  
Office: (610) 649-3351  
Cell: (610) 636-3805