Gift Acceptance Policies

Should your nonprofit accept every gift that comes its way? It can be hard to say, "no thank you!" to a donor, but sometimes that's the more prudent path.

There are some kinds of gifts (think old cars, outdated computers, or gifts with too many strings attached, as just three examples) that your nonprofit simply may not want to – or should not – accept. Some gifts may result in more hassle and expense than benefit to the organization. There are certain types of gifts, especially in-kind contributions, that many nonprofits simply can't easily use or dispose of safely. This is where a well-considered gift acceptance policy can be a help.

Manage expectations with gift acceptance policies

A written gift acceptance policy can help manage the expectations of donors (while treating them with respect) and also serve as guidance for board and staff members who are on either the asking or receiving end of contributions. The most significant reasons to adopt a gift acceptance policy include:

- Accepting some types of gifts may run counter to the nonprofit's values – so a gift acceptance policy can be useful to underscore why the nonprofit cannot accept the gift.

- Some gifts may lead to legal obligations that the nonprofit is not otherwise ready to handle. Example: Gifts of real property may raise property tax issues; gifts of motor vehicles or boats may raise issues about disposal of hazardous waste or licensing issues.
- The nonprofit may simply not be equipped to either use or dispose of certain types of gifts (such as donations of outdated computers) or easily maintain. (Imagine receiving a gift of a racehorse!)
- Having a gift acceptance policy in place is considered a "best practice" from multiple perspectives – whether relating to relationships with donors, or managing the nonprofit's own risks.
- An organization is required to complete IRS Form 990 [Schedule M](), Noncash Contributions if it receives more than $25,000 in noncash contributions or receives art, historical assets or similar assets or qualified conservation contributions. In addition to listing these types of noncash contributions on the schedule, the organization must answer several questions including whether it has a gift acceptance policy, if holding requirements are satisfied, and whether third parties were involved in soliciting, processing or selling the noncash contributions.

Practice Pointers

- Why does your nonprofit need a policy? Some may question the need for such a policy, especially if your nonprofit normally only receives gifts by cash or check. However, you never know when an unusual gift will arrive. Having a written policy that is adopted by the board will help expedite a process that otherwise might be delayed, and provides volunteers and staff with a consistent way to handle unanticipated and unusual situations. A policy also de-personalizes the situation for staff members on the frontline of receiving a unusual gift who may be in the awkward position of explaining to a donor that the nonprofit will not automatically accept the donor's gift.
- "Non-Standard Contributions" are defined by the IRS as the "contribution of an item that is not reasonably expected to be used to satisfy or further the organization's exempt purpose and for which (a) there is no ready market to liquidate the donation to convert it to cash and (b) the value of the item is difficult to ascertain or speculative." However, the majority of gift-acceptance policies end up being used to manage the potential contribution of items that

the nonprofit is simply not well-equipped to handle and/or would distract the nonprofit from its primary mission. It's easier when declining an offer of outdated computers to refer to say, "I'm so sorry, our gift acceptance policy doesn't permit us to accept it," than to try to explain all the details to a donor.

- Consider the audience: Will the policy help guide prospective donors who are considering a gift? Or is the policy intended primarily to provide guidance for staff and board members? Some nonprofits adopt a policy for external use with donors, but also draft guidelines to help staff and board members put the policy into practice.
- For maximum financial transparency, consider posting the policy on your nonprofit's website.
- Some policies specify that prior to accepting certain types of gifts, such as real estate, the nonprofit will conduct a review and/or consult with legal counsel.
- Conflicting interests: The nonprofit doesn't want to be in a position of serving as both the recipient of a donation and the tax-advisor for the donor with respect to the transaction. The policy can encourage donors to seek professional advice prior to making a gift, and explain that the nonprofit will not provide tax or financial advice directly to the donor.
- As with all policies – who is accountable? Will the policy be evaluated from time to time, and who will conduct the review? A fundraising committee of the board may be the best governance route for adopting, reviewing, and updating gift acceptance policies.

Related Insight & Analysis

- [Saying "thank you" to donors](#).
- All [Fundraising resources](#)

Additional Resources

- [Sample gift acceptance policies](#) (Nonprofit Risk Management Center)
- [Sample gift acceptance policies and guidelines](#) (Maine Island Trail Association)
- [Understanding and drafting gift acceptance policies](#)(Planned Giving Design Center)

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