

Every rose has its thorn

Gift acceptance policies – intended, unintended and unexpected outcomes

Agenda

- Overview of gift acceptance policies
- Alignment, benefits and costs
- Serving as trustee
- CGA policies
- Funds and endowments
- Gift Acceptance Committee
- Revisiting and revising policies

Purpose of gift acceptance policies



Basic guidelines for receiving gifts

- Liquid vs. Nonliquid assets
- Split-interest gifts
- Fund minimums/requirements



Gift Acceptance Committee



Role of gift planners

- Application of policies
- Intermediary between donors and organization

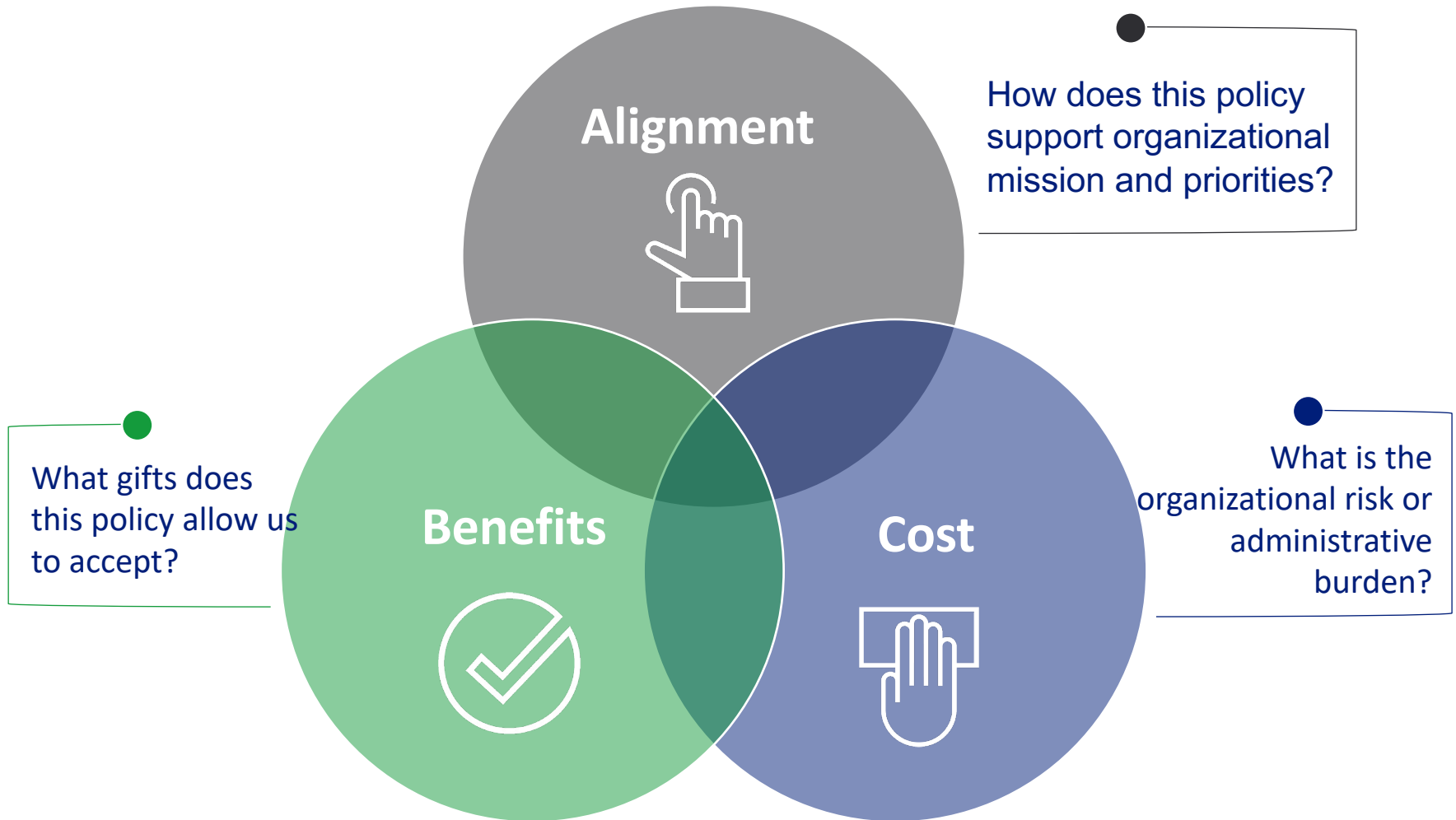
Typical considerations for gift acceptance policies

- Support of mission
- Burden on organization
- Risk
- Reputation
- Donor relations
- Gift restrictions



What's most important and what's missing?

Alignment, benefits and cost



Gift acceptance case studies

- Actual examples of policy clauses
 - Examine thinking behind the clauses and implications
 - Discuss gift scenarios for each clause
-

- CRTs – whether or not to serve as trustee
- CGAs – gift minimums/maximums
- Endowment/fund minimums
- Gift Acceptance Committee – membership and responsibility

Serving as a trustee of a CRT

Serving as trustee of a CRT (or not)

Sample policy clause:

“CHARITABLE REMAINDER TRUSTS. XYZ Charity may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee, but it will not accept appointment as Trustee of a charitable remainder trust.”

1

What are the responsibilities of a trustee?

2

Why a charity would

3

Why a charity wouldn't

Serving as trustee of a CRT (or not)

Alignment



- Support for mission
- Additional charitable option for donors

Benefits



- Long-term support
- Ability to accept gifts from loyal donors

Costs

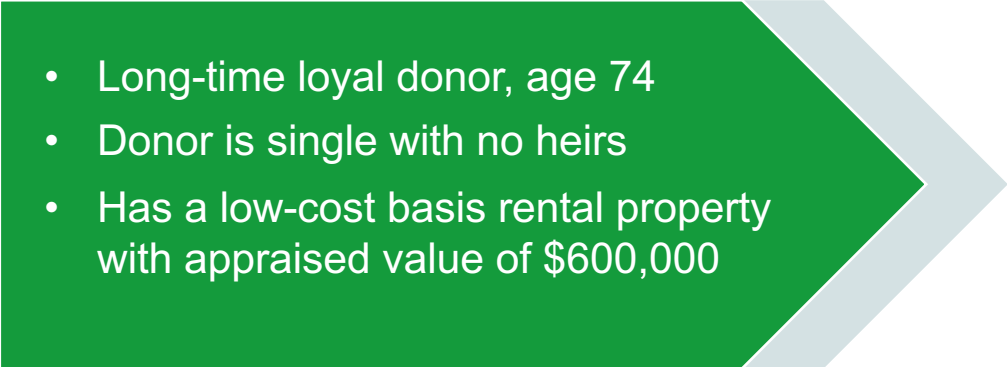


- Added administrative work
- Fiduciary risk
- Staff time and resources

Serving as trustee – what happens if you don't?

Actual gift scenario

- Organization with modest endowment
- Heavily reliant on annual fund
- Receives CGAs, but does not serve as trustee of CRTs

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- Long-time loyal donor, age 74
 - Donor is single with no heirs
 - Has a low-cost basis rental property with appraised value of \$600,000

What happens next?

Charitable gift annuities

Charitable gift annuities

Sample policy clause:

“Charitable Gift Annuities are accepted in the amount of \$10,000 or more. Contracts of \$1M+ and funded with assets other than cash and stocks shall be approved by the Committee.”

1

Common CGA minimums

2

Maximum funding amounts and other considerations

3

Minimum and maximum ages

Charitable gift annuities

Alignment



- Support of mission
- Simple gift that's accessible to wide range of donors

Benefits



- Long-term support
- Ability to accept gifts from loyal donors

Costs



- Added administrative work
- Risk if annuitants significantly outlive life expectancy
- Staff time and resources

Charitable gift annuities

Actual gift scenario

- Large organization with ample resources
- In middle of ambitious comprehensive campaign

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- Loyal donor with 25+ years of consecutive \$100 gifts
 - 81 years old
 - Modest wealth
 - Organization in estate for an unspecified amount
 - Wants to contribute \$7,000 of stock for a CGA

What happens next?

Endowments and naming opportunities

Endowments and naming opportunities

Sample policy clause:

Minimum contribution. A named fund requires a minimum commitment of \$100,000. It may be established with a minimum initial contribution from the donor of \$20,000 if the donor enters into a Pledge Agreement to bring the endowed fund to a minimum of \$100,000.

Endowments and naming opportunities

Alignment



- How does an endowment support organizational mission?
- Do strict minimums exclude donors from making gifts? If so, who?

Benefits



- How do minimum funding levels raise donor sights?
- Do minimums make it easier to raise large gifts? Help with campaigns?

Costs



- What is administrative cost to administer smaller funds?
- Do lower minimums result in smaller gifts?

Endowments and naming opportunities

Actual gift scenario

- Well-established organization with \$200MM endowment
- Endowment minimum of \$100,000
- Active comprehensive campaign
- Typical major gift donor profile: Age 68
- Organization seeking to engage younger generation of donors

- Potential new board members and donors
- BIPOC, ages 35 and 37
- Established relationships with organization
- Friends
- Can give \$25,000 each

What happens next?

Tangible personal property

Tangible personal property

Sample gift acceptance policy clause:

“Gifts of personal property will be considered only if needed by XYZ Charity for use in pursuit of its mission or after a review indicates the property is readily marketable.”

Tangible personal property

Alignment



- Does it advance organizational mission?
- If not, is there a compelling reason to accept the gift?

Benefits



- Possible financial benefit
- Intangible benefits

Costs



- If you accept _____, then who is responsible for care, maintenance, and/or sale?
- Will the gift need to be maintained?

Tangible personal property

Would your organization accept any (or all) of the following?

- Books
- Legislative archives
- Antique toy trains
- A GPS
- A grand piano
- Miniature Shetland pony

Gift acceptance committee

Sample policy clause:

“The Gift Acceptance Committee shall have the responsibility for review and approval of gifts...”

“The Gift Acceptance Committee shall consist of the VP of Development, VP and Treasurer, Director of Gift Planning and Controller.”

“The committee shall meet at least quarterly and shall hold special meetings as needed to review specific gifts...”

Gift acceptance committee

Typical members:

- 1 Chief Financial Officer
- 2 Chief Development Officer
- 3 General Counsel
- 4 Director of Gift Planning

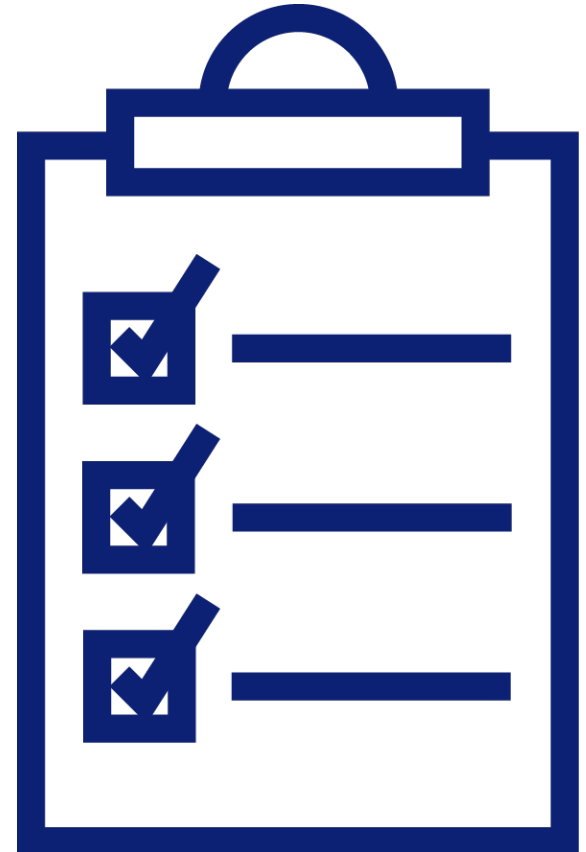
Who is responsible for alignment and mission?

- Everyone?
- Specific committee member?
- Does someone else need a seat at the table?



Reviewing gift acceptance policies

- Why?
- How frequently?
- Who are the stakeholders?
- Too many cooks in the kitchen vs. representing all viewpoints



What we covered

- Overview of Gift Acceptance Policies
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**Questions?
Ideas?
Stray thoughts?**

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