

# Policy on Gift Acceptance



**The Right Reverend Scott B. Hayashi, Eleventh Bishop of Utah**

**Policy Number: P006**

**Revision Number: 1**

**Approved by the Bishop and Diocesan Council: February, 2007**



# The Episcopal Diocese of Utah Policy on Gift Acceptance

Policy Number: P006

February, 2007 Rev 1

## **PURPOSE**

This policy offers guidelines on questions the Diocesan Council or Vestry should ask when deciding whether to accept a charitable gift. It is relevant to the Diocese and all congregations, however denominated, within the Diocese of Utah. See also Policy B004, Restricted and Designated Funds, Development and Use.

## **POLICY**

The Diocesan Council and Vestry should determine whether to accept a proffered charitable gift before accepting it, to avoid potential tax, financial, or logistical issues. In addition, all accepted gifts must be properly documented on the Diocesan or congregational records (see Policy Number B004).

Gifts can be classified and treated differently:

- Money
- Stock that has a market value
- Personal property
- Real property
- Services
- Other intangibles

### **Money**

Money (cash or checks) is generally acceptable without reservation. If the gift is made toward a pledged contribution, that gift should be recorded as such. If the gift is not part of a pledged contribution, the gift is recorded as unrestricted income, unless otherwise specified by the donor. If the donor is a regular contributor, the extra gift can be noted on the donor's regular contribution statement. If not, a receipt and acceptance letter should be sent to the donor, acknowledging the gift and stating that nothing was given in exchange for the gift.

The Council or Vestry may decide not to accept a restricted gift, if the restrictions are cumbersome or unlikely to be workable. For example, a gift of money for a set of drums may not be appropriate if there is no intention of purchasing a set of drums.

If a restricted gift is accepted, the Council or Vestry should clarify with the donor the specific terms of the gift, including procedures for responding to a potential situation where the conditions cannot be met. The terms and all clarifications should be documented in writing and kept in a permanent file.

### **Stock**

Stock that is publicly traded, and therefore has a market value, is generally acceptable without reservation. Stock with no market value should not be accepted. Accepted stocks should be sold immediately at the current market value.



## The Episcopal Diocese of Utah Policy on Gift Acceptance

Policy Number: P006

February, 2007 Rev 1

If the congregation does not have a process to accept gifts of stock, the donor can contact the Minister of Finance for instructions. In that case, the stock will be gifted to the Diocese, for the benefit and use of the congregation. The Diocese will sell the stock and transfer the proceeds to the congregation.

If the gifted stock is to be credited towards a pledged contribution, the value of the stock on the date of transfer (which should also be the date of sale) to the congregation or Diocese should be recorded as such on the records. If the gift is not part of a pledged contribution, the gift is recorded as unrestricted income, unless otherwise specified by the donor. If the donor is a regular contributor, the extra gift can be noted on the donor's regular contribution statement. If not, a receipt and acceptance letter should be sent to the donor, acknowledging the gift and stating that nothing was given in exchange for the gift.

The concerns about accepting restricted gifts of money apply also to restricted gifts of stock. In addition, the Council or Vestry may decide not to accept a gift of stock due to social policy concerns regarding the stock. For example, the Council or Vestry may decide not to accept stock in a company that has employment practices antithetical to the church's position. The donor should be notified of the rejection and the reason for the rejection.

### **Personal Property**

Legally, personal property is defined as anything that is not real property. Real property is defined as land and fixtures permanently attached to the land. Therefore, personal property covers just about anything else, including "in-kind" donations of food, supplies, furniture, equipment, vehicles, etc.

Before accepting anything other than *de minimis* (little financial value) in-kind donations, the Council or Vestry should determine whether the donation fits within the church's vision or mission. Furniture or other large gifts could pose a problem. Vehicles are of special concern, as they carry the obligation to insure them. The Council or Vestry should make a specific determination, in writing, about the acceptance or rejection of a vehicle or large gift of personal property, including responsibility for maintenance, insurance, storage, use, etc.

Gifts of personal property are not recorded as cash giving or payment toward a pledged contribution. If the donor wants a tax benefit from the contribution, the gift can be recorded on a donor's regular contribution statement or otherwise acknowledged in writing. The donor has the obligation of determining the value of the gift. The contribution statement or written acknowledgement will only describe the gift, and will not assign a value.

Note that IRS regulations require that a written acknowledgement be given for any donation with a potential value of \$250 or more. Note also that the IRS has specific



## The Episcopal Diocese of Utah Policy on Gift Acceptance

Policy Number: P006

February, 2007 Rev 1

regulations on the valuation of donated vehicles. The Council or Vestry should seek specific legal tax guidance before accepting such gifts.

### **Real Property**

Gifts of real property to any entity in the Diocese of Utah, including mineral rights, require specific acceptance by the Diocesan Council. The Council will not accept gifts of property of questionable value (too small, bad location, unlikely to be useable or saleable).

Real property gifts will not be accepted without a Phase I Environmental Impact Study, an appraisal, and a comprehensive title search, all paid by the donor, to ensure that the Diocese does not accept property with hazardous waste, governmental restrictions, or other issues that could adversely impact the Diocese.

Valuation of gifted real property requires the involvement of the Diocesan Chancellor.

### **Services**

People may volunteer their services to the church, but cannot take a charitable deduction on their taxes for such donations. Therefore, no written acknowledgement of the services is required. A thank you note may be appropriate.

While volunteer services are generally welcomed, offers of specific services should be reviewed by the Council or Vestry before accepting them. Acceptance of specific services should be in writing, with all terms described. Some concerns are:

- Should the volunteer be covered by workers compensation insurance?
- Should the volunteer be covered by other liability insurance?
- What access will the volunteer have to facilities, equipment, or materials?
- What types of licenses does or should the volunteer have to perform the offered services?
- What type of training is required?
- How will unacceptable service be handled?
- To whom will the volunteer report?
- What authority, either direct or indirect, does the volunteer have in performing the service?

### **Other Intangible Items**

Donations of other items should be reviewed by the Council or Vestry before accepting them, to determine whether the item has any value to the church and its mission, what potential issues could arise with the gift, and what value can be placed on the gift. A written acceptance, with all terms described in detail, will alleviate potential issues. Please contact the Diocesan Chancellor with any questions regarding the acceptance of gifts. Answers received from the Chancellor should be kept as part of the parish record of the gift for future reference.