

**YOUR ORGANIZATION  
DRAFT GIFT ACCEPTANCE POLICY**

**Guidelines for Special Donations**  
<<date>>

**Introduction**

YOUR BOARD recognizes that we have been richly blessed in many areas, including our financial well being. Christians are called to give regularly and generously of their resources, proportionate to what they have received from the Lord. YOUR ORGANIZATION gratefully receives every gift, large or small, cheerfully given in response to God's grace.

YOUR BOARD also recognizes that from time to time, out of gratitude for God's goodness to us, or in memory of a loved one, individuals may wish to provide an extra gift to YOUR ORGANIZATION in the form of money or material goods.

YOUR BOARD welcomes such gifts and provides the following guidelines for giving and receiving these gifts.

**1.0 Definition of a Gift**

A gift is a voluntary transfer of property without consideration.

A gift is made in any circumstance where all of the conditions listed below are satisfied:

- a. property – usually cash, is transferred by a donor to YOU ORGANIZATION.
- b. the transfer is voluntary
- c. the transfer is made without expectation of return – no consideration or benefit on any kind to the donor or anyone designated by the donor, may result from the payment.

**2.0 Consultation Requested**

Potential donors should, if possible, consult with YOUR EXECUTIVE DIRECTOR AND/OR YOUR BOARD, in writing, before providing the gift or structuring them in Wills or other documents/instruments.

- a. Any estate gift received without specific designation will be held as in a Bequest Fund. See notes at bottom of document regarding "bequest funds". (*Note: Christian Stewardship Services could facilitate if required.*) It is understood that the property contributed and held in this Fund, or other property substituted for it, shall be held and invested as a permanent endowment and shall be held for a period of no less than ten years, in accordance with Section 149.1(1)(e)(i) of the Income Tax Act.

- b. Any non-estate gift (under five hundred dollars) received without specific designation to the YOUR ORGANIZATION can be held by the YOUR ORGANIZATION for purposes directed by YOUR BOARD
- c. Any non-estate gift (five hundred dollars or over) received without a specific designation will require YOUR ORGANIZATION to seek instruction from the donor as to its designation. Where this is not possible, YOUR ORGANIZATION will direct the donation for purposes consistent with the direction, goals and programs of YOUR ORGANIZATION.
- d. YOUR BOARD encourages donors contemplating estate gifts for specific purposes to include a clause, allowing YOUR ORGANIZATION to redirect their gift in the event their original intentions cannot be fulfilled. YOUR BOARD shall approve any such redirection *or* The Membership of YOUR ORGANIZATION (if one exists) shall approve any such redirection with a 66% majority vote at a duly called Membership meeting.

### **3.0 Acceptance of Gift**

A special gift will be reviewed by YOUR BOARD and accepted at its discretion, provided that its designated purpose is consistent with the goals, directions and programs of YOUR ORGANIZATION.

- a. No gift of real property will be accepted until a proper environmental assessment of the property has been performed, at the expense of the donor, or donor's estate.

If a special gift is found inconsistent with the goals, directions and programs of YOUR ORGANIZATION, YOUR BOARD may at its discretion, decline acceptance of the gift.

### **4.0 Recognition**

In keeping with Biblical principles of giving, gifts ought to be given anonymously – that is without expectation or recognition to the donor or another person. YOUR BOARD will seek to acknowledge special gifts through direct correspondence with the donor or donor's estate. In special circumstances (i.e. memorial gifts) a public expression of gratitude may be made, through the newsletter or the like, in consultation with the donor.

### **5.0 Use of gifts**

Once accepted, all gifts become the property of YOUR ORGANIZATION. YOUR BOARD will determine their ultimate use.

## **Additional Points to consider when drafting your Gift Acceptance Policy:**

### **What Should You Do with Undesignated Bequests?**

CSS recommends establishing a bequest fund for the management of undesignated bequests. A bequest fund:

- a. Relieves YOUR ORGANIZATION of the need to make a decision regarding the use of a bequest each time one is received as these gifts could automatically be directed to the bequest fund and spent according to its policies.
- b. Gives donors/supporters confidence and excitement that a bequest will be put to good use, thus encouraging them to consider making such gifts.
- c. Creates an opportunity to plan for and discuss bequests with supporters when they are doing their personal estate planning.
- d. Reduces the possibility of receiving a bequest with a designation that YOUR ORGANIZATION does not wish to act on, as supporters can be confident in the wise use of an undesignated bequest.
- e. Creates a reliable, longer-term income stream for projects or purposes of interest to YOUR ORGANIZATION, rather than a potentially problematic spike in income from spending a large bequest in the year it is received.

Policies regarding a bequest fund should clearly outline which gifts will be directed to it, how the fund will be invested, and over what period of time and for what purposes the fund will be used.

It is recommended that the Executive Director propose policies to YOUR BOARD which possess the details outlined below.

### **Step 1 – Which Gifts will be directed to the Bequest Fund?**

YOUR ORGANIZATION must agree on which bequests will be directed to the bequest fund, rather than be applied to the current year's annual budget. Some organizations choose to direct all undesignated bequests to the bequest fund, while others direct undesignated bequests in excess of a certain amount, such as \$5,000 or \$10,000, to the bequest fund.

### **Step 2 - Over what period of time will the bequests be spent?**

Option #1 - A bequest fund can be designed to payout each bequest in equal annual installments plus investment earnings, over a prescribed period of time. Spending bequests over a 5-year to 10-year period is common. This option creates a manageable but time-limited stream of income from each bequest.

Option #2 - A bequest fund can be designed to hold bequests in perpetuity, and to make only investment earnings available for use by your organization. This option creates a reliable and perpetual stream of income from each bequest.

In both options, the predictable stream of income created can be more practical and manageable for your organization's ongoing use than unpredictable lump sums. As CRA's regulations regarding the use of bequests offer complete freedom, other options may be pursued by your organization.