



## The Importance of Gift Acceptance Policies

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### **When to Say “Thank You” and When to Say, “Sorry, but We’ll Pass”**

By Ross Kasper

RAICES (the Refugee and Immigrant Center for Education and Legal Services) is a Texas-based nonprofit that promotes justice by providing free and low-cost legal services to underserved immigrant children, families, and refugees in Central and South Texas. They have gained prominence over the last few weeks via a number of social media fundraising campaigns that began following the recent separation of families at the border. Additionally, they made headlines when they turned down a \$250,000 donation from Salesforce, an S&P 500 company that had more than \$8 billion in revenues and more than 30,000 employees in 2017. RAICES turned down this sizeable donation because they felt some of Salesforce’s business partnerships are in direct conflict with their principles and mission. RAICES is not alone. In fact, 20 other nonprofit organizations, including a for-profit San Francisco coffee company that rejected an opportunity to place a kiosk at Salesforce’s annual conference with registrants upwards of 160,000 people, are pushing back against the software company. In a

discussion with Jennifer K. Falcon, RAICES' Communications Director, she noted that at this time they do not in fact have a Gift Acceptance Policy. Their unplanned viral growth has led them to begin crafting one but at the time of the donation, Jennifer told me that "a gift acceptance policy wasn't even necessary for this situation." Of receiving word of the intended donation, Jennifer said, "Our staff met to discuss our options. It was clear that we needed to continue to stand on the right side of this issue, to stand arm in arm with the Salesforce employees who for weeks had been calling on their CEO to "re-examine" their relationship with Customs and Border Control." The decision for RAICES was almost an easy one. Sure, it's disappointing to turn down a quarter of a million dollars, which could have been put to great use helping so many of the families that RAICES is supporting, but RAICES leadership felt strongly they would not be "used to skirt the ethical responsibilities Salesforce holds when holding contracts and offering services."

The focus of this article is in no way meant to demean or chastise Salesforce but rather to highlight the importance of appropriate Gift Acceptance Policies. What do the gifts that your organization accepts say about who you are as an organization and what you stand for? Where does your organization's principles come into play when it comes to donations and partnerships?

Gift Acceptance Policies are designed to establish a framework for nonprofits to accept and manage gifts. The policies set guidelines for what types of gifts can be accepted (cash, appreciated securities, real estate, etc.), how gifts can be used, and from whom gifts can be received. Is your nonprofit ready to handle a donation of real estate? What about a car or an impressive collection of wine or art? Gifts of real property can lead to tax issues and problems with disposal or use that must be discussed in advance of receiving these gifts. This is where having a detailed gift policy can be a lifesaver!

A comprehensive Gift Acceptance Policy will include sections on such things as:

- Types of gifts that are acceptable;
- Specific policies on how to handle gifts, such as: confidentiality, investment decisions, gift minimums, and recognition of dedication opportunities;
- Consistency with organizational mission;
- Planned or legacy gifts; and
- Appropriate use of funds.

You may question why your nonprofit even needs such a policy if you are a small organization or if most of your donations come in the form of cash or check but you never know when an unusual gift opportunity will be presented. Having a policy in place is good practice and will expedite the gift process by outlining clear organizational statements on donations. A formal policy can also make unexpected or unusual scenarios much less personal. If a donor who acts in a manner that goes against organizational principles has the desire to make a gift, it can be quite personal when that gift is rejected. A Gift Acceptance Policy will protect staff members from very awkward situations and allows staff to maintain objectivity, consistency and standards.

This past March, Abington High School, located in suburban Philadelphia, was at the center of a donation-related scandal when billionaire Stephen Schwarzman, chairman and Chief Operating Officer of the global private equity firm the Blackstone Group, wanted to give his alma mater \$25 million. The school board was eager to accept the money to be used for major renovations and a new technology center. Unfortunately, the money came with some notable strings attached. Not only did Schwarzman demand that the school be renamed to Abington Schwarzman High School but, to avoid any doubt about who the benefactor was, the name would be publicly displayed above the six entrances on campus. Parts of the high school campus were to be named after his brothers, high school track coach, and two friends on the team. Schwarzman's portrait would be prominently displayed in the school. According to the terms, Schwarzman would also have input into the construction of the new campus (including approval of contractors), input into curriculum, and that the agreement would be kept secret unless Schwarzman himself approved it being released to the public. After intense public scrutiny and backlash, the school district apologized and reworked the agreement for the donor, who generously agreed to maintain his \$25 million gift to the school without most of the original stipulations. Having a strategic and thorough Gift Acceptance Policy would have provided school board leadership with guidelines on the types of recognition that are possible and any steps needed in order to appropriately involve the community in their decision-making process. Much of this could have been avoided if a proper Gift Acceptance Policy was adhered to.

Gift Acceptance Policies provide a suitable path upon which donors can navigate making donations to your organization. Determining which non-cash and deferred gifts are most appropriate for your organization not only focuses staff and volunteers when they are asking for money but also sharpens marketing messages towards those groups of prospects most likely to respond positively.

RAICES should be applauded for living by their principles and dealing with one of the most difficult challenges any nonprofit organization could face: making the decision, based on principle, to not accept a donation – and a sizeable one at that. When we are hired by a nonprofit to guide them through a fundraising campaign, among our first set of tasks is to review and establish their Gift Acceptance Policies. The situation between RAICES and Salesforce is the perfect example as to why these steps are so important.

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