

IN KIND DEED OF GIFT OVERVIEW

The following policy format can be used by inserting the name of the parish/school/organization (XX) and modifying as needed.

A **Deed of Gift Form** is designed to assign legally to XX, materials which a Donor may convey to XX to be administered in accordance with established policies. A Deed of Gift form constitutes the transfer of title and serves to define the terms of the transfer. It is recommended that, whenever possible, a Deed of Gift form be used to document all in-kind gifts of \$250 or more to XX.

Donation of Gift The Description portion of this section should be completed by a XX representative. The Description of the donation should describe the material being transferred and the date received on site.

Appraised Value The Donor should be advised that if a tax deduction on a gift is to be taken, the Internal Revenue Service has regulations for filing tax-deductible contributions valued at \$250 or more. If the value of the donation is greater than \$5,000, an independent appraisal is required and XX is required to sign the **IRS Form 8283** acknowledging receipt of the gift. To be acceptable to the IRS, the appraisal must be made no more than 60 days before the date of the contribution and before the due date of the tax return. The Donor should be asked to present any appraisal and completed IRS Form 8283 to XX at the time of the gift. The Form would then be returned to the Donor with proper signature.

Disposition of Materials In order to make the most effective use of resources, XX should reserve the right to determine the disposition of donated materials.

Terms and Conditions Although many Donors will have no need to restrict gifts that they are donating, the option of placing reasonable restrictions on the gift or a portion of the gift should be available to a Donor. XX should discuss terms of restrictions with a Donor. Any restrictions on the gift mutually agreed to would be for a specific period of time as designated.

Change in Provisions If a Donor feels that any terms in the agreement should be deleted, the Donor should be encouraged to discuss the matter with XX to verify that the desired change in terms is feasible.

Acknowledgment of Receipt of Gift This section of the Deed of Gift serves to formally acknowledge the receipt of a donation under the terms mutually agreed to by the XX and the Donor. The Donor would then receive a copy of the Deed of Gift form signed by XX. Formal acceptance of gifts by the Board of

XX serves to complete the donation transaction. XX should also send to the Donor an official receipt for charitable deduction purposes for in-kind gifts valued at \$250 or more.

IN KIND DEED OF GIFT PROCESSING GUIDELINES

The following policy format can be used by inserting the name of the parish/school/organization (XX) and modifying as needed.

The following procedures address the various types of gifts XX may receive, each of which has special processing considerations.

Types of Gifts

1. Checks

All checks should be made payable to XX.

2. Cash (Currency and Coins)

Cash must be hand-carried to the XX Office. The office should be notified at least an hour in advance of delivery, and the delivery of cash after 3:00 P.M. should be avoided.

3. Credit Cards (Visa or MasterCard, etc.)

Outline the online/ other process information.

4. Stocks

Stock certificates or notices of stock donations should be sent to XX. All correspondence, including the mailing envelope, should be delivered with the certificate.

XX determines the value of the stock and notifies the XX. When the proceeds from the sale of the stock are received, XX sends the check and budget instructions to the XX Office. The XX Office then issues a receipt to the Donor with a statement regarding the deductibility of the stock appropriate to the current applicable tax law.

5. Wire Transfers

If a Donor wishes to make a gift via a wire transfer, XX should request the following: name and location of the Donor's bank which will initiate the wire transfer as well as a letter to XX indicating the amount and intended purpose of the gift. In return, XX will need to provide the donor with the following transfer information:

The name and address of XX's bank to which the funds should be transferred, account information, including account name. After the wire transfer is received, XX is responsible for sending a letter of acknowledgment to the Donor.

6. Deferred Gifts (Trusts, Annuities, Life Insurance, Estates, Etc.)

Indicate overall policy and contact information.

7. Bequests

Copies of wills and notices from attorneys regarding bequests should be sent to XX. The check and instructions regarding deposit will be forwarded to XX.

8. Memorial Gifts

Memorial gifts are made in honor of a person who is deceased. They should be processed, as are other gifts. However, the acknowledgment process may be different and require more personal attention. The following may be included.

- Generating thank you letters and other gestures of appreciation to the donors.
- Periodically sending lists of donor recipients to family members or loved ones of the deceased (as designated by the donors).

There should be clear instructions regarding the name and purpose of the gift fund, and the names and addresses of donors and next-of-kin to be notified.

9. Matching Gifts

Many corporations match gifts made by their employees. It is possible to double, or even triple, a gift by having a company match the donation. A list of companies offering to match their employee's charitable contributions is attached and can also be found on the CDA website.

Most corporations have guidelines that the non-profit organization and employee must meet before a donation can be matched. A number of companies identify a certain dollar amount for this purpose and cease matching when the amount is expended. It is therefore important to identify matching gifts early in the calendar year. All matching gifts are credited to the same fund as the donor's gift unless prohibited by the company's matching gift policy.

In most cases, the employee obtains a form from the corporate employment or benefits office, completes a portion of the form with the corporation's employee information, and then submits the form to XX.

10. In-Kind Gifts

In-kind gifts are gifts of tangible personal property or equipment. There are two types of in-kind gifts: related use and non-related use.

- Related use allows XX to use the donated property or equipment.
- Non-related use occurs when equipment or property is intended for sale.

Note: The rest of this section refers exclusively to related use, in-kind gifts.

Acceptance vs. Deductibility—Once XX has decided to accept an in-kind gift, a determination must be made whether the gift can be credited with an amount. Gift acceptance is different from gift deductibility. XX should not issue receipts for tax purposes for gifts of tangible, personal property. The Donor should be instructed to consult a tax advisor about the steps the donor needs to take to substantiate the deduction.

	Gifts From Individuals	Gifts From Corporations
Gifts Under \$5,000	Independent appraisal	Independent appraisal, or appraisal from the corporation
New Gifts Over \$5,000	Independent appraisal	Recent bill of sale, or appraisal from the corporation, or independent appraisal
Used Gifts Over \$5,000	Independent appraisal	Independent appraisal

The appraisal should contain the following information:

- Name, address, and qualifications of the appraiser
- Date of appraisal
- Description of property appraised
- Method of valuation
- Facts and analysis used in determining value

IN KIND DEED OF GIFT GUIDELINES

The following policy format can be used by inserting the name of the parish/school/organization (XX) and modifying as needed.

Definition: In Kind Gifts can be considered all items received by XX that are not cash. In Kind Gifts may be gifts of tangible personal property or equipment. There are two types of In Kind Gifts: related use and non-related use.

- Related use allows XX to use the donated property or equipment.
- Non-related use occurs when equipment or property is intended for sale.

These gifts may include, but are not limited to:

- Property
- Stocks, bonds and other securities
- Computers, furniture and other equipment
- Cars, boats and other vehicles
- Clothing, paper and other supplies
- Items to be used for auctions or other fundraising events
- Artwork, collections, jewelry or books
- Services such as landscaping, legal, repair or investment services (billable hours)

Acceptance: Prior to accepting an In Kind Gift, the gift should be evaluated to determine whether the gift is appropriate for use in the operations of the XX or is easily converted to cash. Gifts that are appropriate for use in the operations would include items that XX would need to purchase in the course of business in order to accomplish the activities of XX. Examples might be a computer, paper supplies, printing, bricks, etc. Alternatively, these items might be solicited for sale in fundraising events such as an auction. If the In Kind Gift is not appropriate for use in operations, prior to acceptance XX should evaluate the gift for ease of conversion to cash to be used in the ongoing operations.

Rationale: XX must carefully consider its activities in accepting in kind assets and services. The effort to convert some in kind contributions to usable assets for the operations of XX (such as cash) must be 'minimal' – otherwise XX may be seen as establishing an unrelated business activity that is subject to tax.

Solicitation of In Kind Gifts: It is the policy of XX to solicit only In Kind Gifts that can be used in the operations of XX or can be converted to cash within XX days. In addition, whenever possible, XX will solicit gifts that are unrestricted in nature, therefore available to be utilized as needed, when needed.

Recording: All in kind contributions should be recorded in the books and records at the estimated fair value of the assets or services. While the valuation of these assets and services may not be required by the Diocese to be reported, it is important to track all resources to XX to be able to evaluate the operations as a whole.

Acknowledgement: XX will acknowledge all gifts by identification of the gift in the acknowledgement; however, no valuation of the gift is to be included in the acknowledgement. The valuation is the responsibility of the donor or other individuals with the expertise to value the gift.

DIOCESE OF PHOENIX: RESTRICTED CONTRIBUTION POLICY

Policy Statement

Canon 1263-2 of the Code of Canon Law establishes the role of the bishop of the diocese with regard to the acceptance of restricted contributions, “the permission of the same ordinary is required to accept offerings burdened by a moral obligation or condition.” In support of this Canon and to ensure that all obligations resulting from the acceptance of restricted (designated) contributions are met, this policy is being promulgated to:

- (a) define restricted contributions and
- (b) govern the circumstances under which they may be solicited or accepted.

Related Policy Information

- 1 **Definition:** A restriction on a contribution is a donor-imposed condition that specifies a future and uncertain event whose occurrence or failure to occur gives the right of return of the contribution. Restricted contributions or gifts are often referred to as designated contributions/gifts. There is no difference between the two terms.

Example (1): A donor makes a contribution toward the construction of a new parish building. Until the contribution is used for the construction of the building, the contribution must be recorded as temporarily restricted and must not be used for other purposes. The restriction goes away when the condition of the donor (construction of the building) is met. If the building is never built, the parish has an obligation to return the contribution to the donor.

Example (2): A donor makes a contribution to an endowment fund with the intention that the income from the contribution will fund operations of the parish. This contribution is restricted permanently. That is, the original contribution (or corpus) can never be used. Any income from the contribution can be used as directed by the donor.

- 2 **No pastor, administrator or other representative of the receiving organization can create a restriction.** Only a donor has the ability to impose a condition and thereby create a restriction on a contribution.

- 3 **Grave moral, ethical and legal obligations:** because of the obligations associated with receiving a restricted contribution, it is critical that the receiving organization have both the desire and the intention to meet the donor-imposed condition of the contribution. It is preferable to refuse a contribution than to accept conditions that do not support the mission or goals of the organization.
- 4 **Restricted contributions are exempt from the Bishop's Assessment.** However, no restricted contribution may be solicited or accepted merely for the purpose of avoiding the Bishop's Assessment.
- 5 **Acceptance of restricted contributions** Parishes, missions, schools and other public juridic persons subject to the governance of the Bishop of Phoenix may accept restricted contributions subject to the following circumstances (for parish sized definitions please refer to Parish Finance Council Norms, section III.A. – *contact the Finance Office for the complete listing of financial sections. Only the policy is included in the Parish Tool Box*):
 - a. **Contributions to capital campaigns** for specific projects with specific documented objectives. Campaigns/projects budgeted to raise more than \$20,000 (\$20,000 for medium or large parishes or \$10,000 for small parishes) in contributions must be authorized by the Bishop's Office prior to the solicitation or receipt of any contributions.
 - b. **Contributions to permanently restricted endowments.** If there is a campaign to raise funds for an endowment that campaign is subject to the same authorization from the Bishop's Office as in paragraph 5(a) above.
 - c. **Other restricted contributions** may be accepted with authorization from the Bishop's Office.
- 6 **Bequests** -It is always preferable when possible that bequests either be unrestricted or restricted for a permanent endowment. Bequests should never be restricted to a specific project or campaign, nor should they have any other time-sensitive condition attached to them.
- 7 **Implementation** - This policy will go into effect July 1, 2006.