

THE FIRST MONDAY REPORT

Thoughts on Fund Raising for Campus Ministry

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“Look that Gift Horse in the Mouth”

Did you ever receive a gift that you were not sure you wanted? My best example would have to be my first car. A pink 1953 Rambler! Pink! No doubt my father meant well. He knew that it wouldn't push the speedometer past 80. He had lots of extra parts lying around, since he drove Ramblers as work cars—and they always needed parts. They were pretty simple cars, but ugly, with their bathtub looks and their not-so-cool rating with my high school friends. Sure it was a set of wheels. But pink! What was he thinking?

You may well feel the same way about gifts offered to your ministry. The donors mean well, but perhaps they haven't thought through all of the ramifications of making those gifts. There you stand at the back door, trying to muster up a “thank you” for the used furniture someone was sure you could use for the student lounge or the 1965 vintage sound system for your traveling music ministry (even though each speaker weighed 75 pounds). But somehow you have the sense that these “gifts” are little more than someone's way of cleaning out their garage. Is every donation that comes your way worthy to be named a “gift”?

Several years ago our campus ministry received such a questionable gift. We were in the middle of a small capital campaign to raise money for an addition to our ministry center. One day the president of the university called to say that he and his wife were interested in making a gift and could I come to their home later to pick it up. Boy, was I excited. I thanked him several times over the phone and arrived promptly that evening to receive the gift. I tried to park in front of the house, but there was a big old ugly van blocking my way. Well, you guessed it. The gift was the big old ugly van. I should have said, “Gee, I wish we could accept your generous gift, but we just can't use it at this time.” Instead I did the “pink Rambler thing.” I took the keys, said thank you again, and drove off in my newly-acquired “gift.”

The donor meant well. He knew that we had several traveling musical groups at the Center who went out to congregations over the weekends. The van had been his son's and he thought that since his son was “done” with it, we might be able to use it. This was before the current trend of giving vehicles to charities for a tax write-off. It seemed like a well-intended, if ugly, gift. Maybe we could fix it up. Maybe it would grow on us. I thought I would take it for a ride.

Three miles out in the country I started to smell something hot—like the wiring under the dash. Then the smoke started to roll out of the vents and I made a dash for the outdoors. It didn't burst into flames, but the wiring was fried. So after my little walk back into town, I called the tow truck and our "free gift" now became a \$50 item on the expense line of the budget.

Sometimes it's good to look a gift horse in the mouth. You need to know exactly what you are being gifted and, beyond that, the reason why the donor is choosing to make the gift at this point in time. You are probably aware of charities that have had to turn back significant gifts because the donor had ulterior motives. For example, an organization that is church-based received a six-figure gift from someone who was later discovered to be a racist and frequent sender of hate mail to groups in the community. With some difficulty, not the least of which was avoiding heavy press coverage, the organization had to find a way to return the gift and say that it could not be received because it was in direct conflict with its Christian principles. Once the gift horse is in the barn, it's more difficult to look it in the mouth. Be aware of these kinds of potential conflicts.

One hedge against receiving inappropriate gifts is to write some Gift Acceptance Policies and Guidelines for your ministry. In that document you can list those gifts you are able to receive, including which gifts may be a priority. You may say, for example, "Outright gifts of cash and other property are a priority." You may go on to say that "other outright gifts will be subject to the approval of the Board of Directors." You may list the kinds of deferred gifts that will be acceptable: bequests, charitable gift annuities, life insurance policies, etc. It should be clear that all gifts shall be subject to the oversight of the Board of Directors.

The purpose of developing these policies is (a) to ensure that tax-deductible gifts are received in a manner consistent with the IRS code and do not jeopardize your ministry's tax-exempt status; (b) to minimize the incurrence of potential liabilities; and (c) to limit the acceptance of gifts that are difficult to administer. The following bulleted points indicate other language to include in your Gift Policy:

- This policy is to inform, serve, guide, and otherwise assist donors, but never is it to be used to unduly coerce or persuade such donors.
- No gift will be accepted that is not in the best interests of the donor or which violates the nonprofit integrity of the organization.
- Donors will be encouraged to discuss the proposed gift with independent legal, financial, or tax advisors of the donor's choosing.
- The organization will remain accessible to its donors, providing full communication of its activities and use of funds.
- Requests for anonymity will be honored. Permission to publicly recognize a donor will be assumed, unless otherwise requested.
- Before acceptance, relevant information about the gift will be ascertained, including a copy of an appraisal secured by the donor. The organization may secure its own appraisal.
- Outright gifts of cash, publicly traded securities and life insurance do not require Board approval.
- The Board must approve gifts of: real estate, closely held stock, tangible personal property, and others named by the organization.

- The organization shall not engage in offering legal or tax advice to donors or gift prospects.
- Property gifts of all kinds will be converted to cash at the earliest convenience. Real estate gifts will generally be turned over to a broker immediately upon receipt for disposition.¹

Our professional colleagues in the ELCA Foundation will be a great resource to our campus ministry organizations when it comes to the acceptance and processing of this whole range of non-cash gifts. They will advise you and your leadership about the propriety of receiving certain gifts and can lead you through the complexities that may accompany some potential gifts. The Foundation is a “pass through” organization, meaning that all gifts received and managed are ultimately distributed, directly or through endowment, to the ministries designated by the donor.

The Foundation helps organizations and congregations receive and liquidate gifts of stock at a lower cost than most organizations can on their own. It will help in the “due diligence” process with gifts of non-marketable assets, such as real estate. The Foundation provides, free of charge, a wide variety of brochures that will assist you in your conversations with donors about such things as wills, life insurance, charitable gift annuities, and more. Foundation staff members are listed in the ELCA Yearbook, or can be located online at www.elca.org/fo

When that gift horse arrives at your door, look it over carefully. Is it a Trojan horse? Is it a nag that someone else should have put out to pasture. Does it come with problems and complications that far outweigh its worth? Do you have a policy about accepting it? And maybe the most important question of all: is it pink!?

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¹ Some of the language in this section is from “Best Practices for Running the Small Development Shop,” by Betsy A. Mangone, presented at ALDE, February 28, 2005.