



## Catholic Diocese of Columbus

### **450.0 - Other Forms of Donations**

In addition to cash and check donations, Parishes/Schools/Agencies and Institutions can be blessed with other forms of donations including; real estate, collectibles, artwork, stocks and other negotiable securities.

A Parish, School, Agency or Institution may be the beneficiary of a will, bequest, endowment or an estate. An endowment may be established for the benefit of the Parish, School, Agency or Institution.

The policies regarding these forms of donation are included in this section as follows:

451.0 - Non-Monetary Gifts

452.0 - Gifts of Negotiable Assets other than Cash

454.0 - Endowments

455.0 - Wills, Bequests, Estates

457.0 – In-Kind Donations

458.0 – Donations to Auctions

In addition, certain procedures have been established for the benefit of both donors as well as the beneficiary of the donation related to donations of stock. This is documented in **policy 453 - Stock Donation Procedures**.

Finally, the Internal Revenue Service has implemented definitive regulations regarding valuing donations of non-cash gifts. **Policy 456 - Establishing Values** provides guidance on this.



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### **451.0 - Non-Monetary Gifts**

Some examples of Non-Monetary gifts are: real estate, collectibles, artwork, etc.

The proper entity to receive these types of gifts is the Bishop of the Roman Catholic Diocese of Columbus, or his successor.

In making the gift, the donor should create a document which clearly states his/her intent related to the beneficiary of the gift. The intent should either state “without restrictions for the general purposes of the Catholic Church.” or for a designated gift, the document should state, “for the benefit of (Name of Parish, School, Agency, or Institution.).

The donor would then state any other restrictions they wish to place on the gift (i.e. “to be used for”).

All potential donations of non-monetary items are to be reviewed by the Bishop of the Diocese of Columbus, who has the right to determine whether it is in the best interests of the Diocese of Columbus to receive a non-monetary gift from any entity on behalf of a parish, school, or agency/institution.

If an item is accepted, it would go through the process and policies of the Diocese of Columbus regarding gifts and contributions.

This policy applies to non-monetary items that have the potential to be retained indefinitely. Non-monetary items that will be kept for a finite time (i.e. gifts for auctions, altar flowers, etc.) are not subject to this policy.



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### **452.0 Gifts of Negotiable Assets Other Than Cash**

Items that can be quickly converted into cash are considered Negotiable Assets. Examples of Negotiable Assets are: Certificates of Deposit, Mutual Funds, Stocks and Bonds.

Parishes, Schools, Agencies and Institutions are not permitted to hold any Negotiable Assets within their locations.

All negotiable assets donated to a Parish, School, Agency or Institution are to be remitted immediately to the Diocesan Finance Office.

All negotiable assets will be liquidated as soon as possible and proceeds remitted to the benefitting entity. This type of income is to be included on the entity's Financial Report.

If a Parish, School, Agency or Institution is contacted regarding a donation of a negotiable asset, the Diocesan Finance Office should be contacted so that the transactions leading to sale can be arranged in as efficient a way as possible.

Stock is the most frequently donated negotiable asset. **Policy 453** outlines the guidelines for handling the transfer of stock to the Diocese so that it can be sold.



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### **453.0 - Stock Donation Procedures**

The Diocese of Columbus sells all stock gifts when received into its Morgan Stanley Account.

It is then processed through the Finance Office when the proceeds are received and distributed per the donor's wishes. This distribution is accompanied by a letter to the organization receiving the funds which states the donor's wishes.

The value received is posted to the financial records of the location and is to be deposited into the checking account before any disbursement.

Due to the paperwork regarding legal structure and signatures, it is Diocesan Policy that all stock transactions be processed at the Diocese Finance Office.

#### **Procedures for Gifting Stock**

**A. *If Certificates are physically held:***

1. Complete and sign Irrevocable Stock/Bond Power with a "Medallion stamped guarantee".
2. A stock power form is available from the Finance Office.
3. Deliver or mail to:  
The Finance Office, Diocese of Columbus  
198 E. Broad Street  
Columbus, Ohio 43215

**B. *If Certificate or stock is in an investment/brokerage account:***

1. Obtain from the Finance Office an authorization letter and stock instructions informing the broker of the gift.
2. Send the letter for processing, when the gift is received, to:  
The Finance Office, Diocese of Columbus  
198 E. Broad Street  
Columbus, Ohio 43215
3. Have investment account representative contact the Finance Office of the Diocese regarding instructions (614) 224-1221 if there are any questions.

THE DONOR'S BROKERAGE COMPANIES **do not have permission** TO OPEN ACCOUNTS IN THE NAME OF THE DIOCESE FOR THE TRANSFER OF STOCK DONATIONS.



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### **453.0 - Stock Donation Procedures**

**NOTE:**

Guaranteed Signatures are required through a commercial bank having membership in the New York Stock Exchange in the form of a Medallion Stamp, which the donor must sign in the bank officer's presence. If stock certificates are not in the name of an individual, the Diocese will be authorized to execute and sell the stock. This is usually done by a resolution prepared by the Finance Office of the Diocese for a parish, school, agency or institution.



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### 454.0 Endowments

Endowment funds are restricted as to purpose, generally with the principal not to be invaded. A written agreement establishes these restrictions.

Endowment funds in the Diocese of Columbus are held in trust at the Catholic Foundation.

Diocesan policy instituted November 1, 1992 states: No separate Foundations or endowments are to be established by any Diocesan entity. The purpose of a foundation can be attained through the establishment of endowment funds in the Foundation of the Catholic Diocese of Columbus.

All Foundation and Endowment Funds must be reported on the entity's financial report subject to the policies in **section 200**. A report showing all transactions of the fund should be submitted quarterly with the financial report.

No funds may be withdrawn from the Parish Aid Fund for an endowment fund without written permission of the Bishop due to the restriction on use of principal inherent to an endowment.

The following policies apply to all Foundations established by a Diocesan entity prior to September 30, 1992:

- All Foundations must provide that the Bishop of Columbus has full control of the Foundation and its funds.
- All Foundations must have a current investment strategy document.
- All Foundations must adhere to the Socially Responsible Investment Policies of the USCCB.
- All Foundations must provide the Diocese of Columbus a Charter that has been approved by the Diocesan Bishop.
- All Foundations must have separate Articles of Incorporation and Federal Tax I.D. number and provide them to the Diocese of Columbus.

The following accounting policies apply related to Parish Foundations and endowments:

- Balances will be reported at fair market value in compliance with Financial Accounting Standards
- Funds contributed for an endowment, whether through a Fund Drive, or through a gift/bequest, are to be recorded in account 110 – Permanently Restricted Revenue.
- Distributions from an endowment are to be recognized as income to the Parish in account 81 – Net Assets Released From Restriction, with the offset in account 113 – Net Assets Released from Restrictions – Permanently Restricted. There are two exceptions to this rule. First, if an endowment is solely dedicated to the benefit of a Parish elementary school, and prior permission is obtained from the Finance Office, the distribution would be recognized in account 540 – Other School Income. Second, if an endowment is solely dedicated to the benefit of a Parish cemetery, the distribution would be recognized in account 48 – Cemetery Income & Expense.



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### **454.0 Endowments**

- Investment Income (i.e. interest and dividends) is to be recognized in account 111 – Permanently Restricted – Investment Income and is not subject to the Diocesan Assessment. Fees paid should be recorded as a debit to this account.
- Realized and Unrealized Gain or Loss is to be recognized in account 112 - Permanently Restricted – Realized/Unrealized Gain(Loss) and is not subject to the Diocesan Assessment

#### **Parish Foundation and Endowment Accounts and Diocesan Assessment**

The accounting transactions prescribed by the policies in section 200 remove all endowment activity from the calculation of Diocesan Assessment.



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### **455.0 - Wills, Bequests and Estates**

The proper entity to receive bequests is the Bishop of the Roman Catholic Diocese of Columbus, or his successor.

In the case of a general bequest, the document should state “without restrictions for the general purposes of the Catholic Church.”

For a designated bequest, the document should state, “for the benefit of (Name of Parish, School, Agency, or Institution.)

Bequests must be used in exact accord with the directions of the donor or testator.

If a school or parish receives notice that they are a beneficiary of a will, estate or trust, the Diocesan Finance Office is to be notified immediately.





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### **456.0 - Establishing Values**

The following policies will be used in the establishing of value of non-monetary assets to be reported in Diocesan financial statements:

- Non-Monetary Gifts will be valued at the fair market value based on appraisal. The Finance Office should be consulted before recording a value.
- Negotiable Assets will be valued based on their net selling price.
- Wills, Estates and Bequests will be valued based on the type of asset distributed. The Finance Office should be consulted before recording a value.
- Endowments will be valued at their fair market value.

#### Guidelines

Certain payments are considered *quid pro quo contributions* namely; they are made partly as gift and partly in consideration for goods or services furnished to the donor.

EXAMPLE: A dinner where the school/parish is providing as a fundraiser at a certain cost (\$7.00) per person and the donee wishes to donate paper goods or a larger amount than the dinner price towards the fundraiser. Anything over the \$7.00 would be the value of the contribution.

Contributors of non-cash gifts valued at \$500 or more must complete Form 8283 for the Internal Revenue Service and contributors of non-cash gifts valued at \$5,000 or more (other than gifts of publicly traded securities) must:

- Obtain a qualified appraisal to submit with Form 8283
- Have the charity complete a Donee Acknowledgement Section

The IRS has issued special rules for the claiming of deductions for donated vehicles. In general, the deduction will be limited to the actual sales price the entity receives for the vehicle. Donors may claim a deduction for the fair market value under the following circumstances:

- The entity makes a significant intervening use of the vehicle, such as using it to deliver meals on wheels.
- The entity makes a material improvement to the vehicle, i.e., major repairs that significantly increase its value and not just painting or cleaning.
- The entity donates or sells the vehicle to a needy individual at a significantly below market price, if the transfer furthers the charitable purpose of helping a poor person in need of a means of transportation.



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### **457.0 – In-Kind Donations**

In-kind donations can take several forms: gifts of services at reduced or no cost; gifts of volunteer time; gifts of tangible items such as furniture, clothing, appliances, etc. Great care must be taken in providing substantiation for the donation and in establishing value. The following policies provide guidance for both of these areas:

#### **Gifts of Services**

At times, the owner of a business will offer services to a Diocesan entity for either a reduced cost, or at no-cost. Documenting the gift and establishing the value should be done as follows:

1. the vendor or individual must document their gift with a proposal clearly stating the commercial value of the services and the cost of the services that will be billed to the Diocesan entity. The difference between the two is the value of the gift.
2. the value of the gift is to be documented in a letter to the donor

Please note that whether the services are provided at no cost or reduced cost, the rules related to contractors having insurance and providing warranties on the work remain the same.

#### **Gifts of Volunteer Time**

No value is assigned to this type of gift as the time is not a deductible gift for tax purposes.

#### **Gifts of Tangible Items**

Tangible items can be of many types. Some guidelines to follow:

1. for clothing and other nominal household items, you may provide written documentation that the items were donated but establishing value is the responsibility of the donor.
2. for significant tangible items, the fair market value is typically assigned using one of two methods.
  - If the item was recently purchased by the donor (defined as close to the date of donation), a copy of their purchase receipt can be used to establish value.
  - If the item was not recently purchased, then typically the “thrift shop value” would be assigned. A donor is only allowed a deduction if the item is in “good used condition or better”. If it is not, then no value should be assigned. If it is, then you may establish value by finding a comparable item on a website such as E-Bay.

If the value is more than \$500, then the IRS requires that a valid appraisal be obtained. Please note that special rules apply to establishing value for items such as cars. Additional information on establish the value of donated items can be found in IRS Publication 561, on the IRS website at [www.irs.gov](http://www.irs.gov).



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### **457.0 – In-Kind Donations**

#### **Accounting for In-Kind Donations**

The value of an in-kind donation is not recorded in the accounting records of the Diocesan entity. The exception to this is if a tangible item is donated and then sold. If this occurs, then the sale proceeds are recorded into account 20 – Gifts & Bequests for Parishes, and 4350 – Gifts, Donations & Grants for High Schools.

**NOTE:** the tax deductibility of all donations is regulated by the Internal Revenue Code. Documentation of a gift as defined above does not guarantee deductibility. The donor should review the gift with their tax advisor prior to deducting the donation on their Federal Income Taxes.



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### 458.0 – Donations to Auctions

Many Diocesan entities solicit donations of both monetary and non-monetary items in support of auctions. The following provides guidance on recognition of the donation to the donor.

Monetary items – a letter is to be issued to each donor, documenting the following:

1. name of organization
2. amount of cash contribution
3. statement that **“no goods or services were provided by the organization in return for the contribution”**, if that was the case
4. description and good faith estimate of the value of goods or services, if any, that an organization provided to the donor in return for the contribution (i.e. dinner, etc.)
5. statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits, if that was the case

Non-monetary items – a letter is to be issued to each donor, documenting the following:

1. name of organization
2. description of item donated
3. donor estimated value, if one provided with statement **“the value you have assigned to this donation is ...”**
4. statement that **“no goods or services were provided by the organization in return for the contribution”**, if that was the case
5. description and good faith estimate of the value of goods or services, if any, that an organization provided to the donor in return for the contribution (i.e. dinner, etc.)
6. statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits, if that was the case

It is crucial that you make it clear that any value listed is the “donor estimated value”. If the donor provides a receipt or other document showing value, it is permissible to change the statement in 3 above to “the value of this donation is ...”.