

June 25, 2025

A promise is a promise—but in the world of charitable giving, not every pledge results in a completed gift. From the donor's perspective, changing personal circumstances, economic volatility, or concerns about how a gift is used can affect whether or when a pledge is fulfilled. For nonprofits, unclear or undocumented pledges can create confusion, disrupt planning, or even lead to legal ambiguity.

To avoid misunderstandings, both nonprofits and donors benefit from a shared commitment to transparency and documentation. For most contributions, simple written records acknowledging the promise and receipt of the gift may suffice. However, for major gifts—such as those funding capital improvements or establishing endowments—it is a good idea for the donor and charity to sign a gift agreement outlining the terms of the gift. This agreement should reflect a mutual understanding of the gift's terms and serve as a reference point throughout the giving process.

## What Gift Agreements Should Include

Whether you're a nonprofit or a donor, a gift agreement can provide clarity and alignment. At a minimum, it should:

- **Identify the gift**—including amount, type, and payment schedule and its intended purpose.
- **Specify acceptable forms of giving**—including cash, securities, real estate, or other non-cash assets.
- **Clarify the nature of the pledge**—is it intended to be a statement of intent (with no legal obligation to make future payments, but conversely more flexibility to satisfy payments from foundations or donor-advised funds) or a binding pledge (legally enforceable against the donor or the donor's estate).
- **Outline naming opportunities**—including the terms under which they are granted.
- **Establish expectations around publicity**—including how press releases or public recognition will be handled.
- **Specify jurisdiction**—which jurisdiction's law applies to the agreement.
- **Include mechanisms for modification**—in case the donor's or nonprofit's circumstances change.
- **Address contingencies for restricted gifts**—such as alternative uses if the original restriction becomes impractical or impossible to honor.

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## The Role of Gift Acceptance Policies

For nonprofits, having a formal gift acceptance policy can facilitate consistent and thoughtful decision-making. For donors, understanding an organization's gift policy can help you align your giving with the nonprofit's operations and goals. Key components typically include:

- **Delegation of authority**—who can accept or decline gifts, especially complex ones that may create an administrative burden or risk, incur excessive expenses, or fall outside the scope of the organization's mission.
- **Types of gifts accepted**—from cash to real estate to cryptocurrency—and detailing the procedures for valuing, accounting for, and recording gifts.
- **Procedures for restricted and unrestricted gifts**—including how restrictions are reviewed and approved.
- **Documentation requirements**—especially for multi-year pledges, challenge grants, or capital campaigns.
- **Guidance on planned giving vehicles**—such as bequests, charitable gift annuities, and donor-advised funds.

## Why It Matters—for Everyone

Clear documentation and policies protect both donors and nonprofits. They build trust, ensure legal and ethical compliance, and help avoid costly misunderstandings down the road. In unpredictable economic environments, these safeguards become even more important. Donors may wish to fulfill commitments using alternative assets or request changes to their pledges. Gift policies and agreements provide a structured, respectful way to navigate these conversations.

Ultimately, thoughtful planning fosters stronger partnerships between donors and nonprofits—and ensures that generous intentions lead to meaningful, lasting impact.

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## Contact Us

Working with both donors and nonprofits, our attorneys and philanthropic advisors help clients achieve their unique goals and vision for charitable giving. Please contact us if you have questions about making or accepting a gift.

If you have any questions about the matters discussed in this article, please contact your advisor or the author of this article.

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