



**OUR STAFF EXPERTS CONDUCT “SPECIAL INVESTIGATIONS” INTO YOUR QUESTIONS.**

*Dear Investigator,*

*A donor recently offered to give some stock to our nonprofit. While this is exciting, I am very unsure as to what rules I need to follow. Is there anything I should or should not be doing?*

*Thank you,  
Grateful in Garrett County*

Dear Grateful,

It is important that your organization has a written policy in place before you start accepting stocks and securities (for sample policies contact us at 410.727.6367 x10 or [techassist@mdnonprofit.org](mailto:techassist@mdnonprofit.org)).

A policy for securities acceptance generally requires that the stock be publicly traded. There is a lot of fraud around giving stock in closely held companies to nonprofits. There is actually a new line on the Form 990 which requires that you document ownership of these kinds of securities.

Further, most nonprofits have a policy that says the stock will be sold as soon as it is donated. The reason is that the make-up of investment holdings of a nonprofit should be determined by the investment committee not by the mix of contributed stock. Furthermore, the holding of stock and selling it sometime later can make for a lot of extra accounting work.

If the nonprofit already has an investment account, the stock gift should be transferred to that account and sold. The money is then transferred to your operating bank account. If the nonprofit does not have an investment account, you can open one, usually through your bank. If your bank cannot set up an account for you, you can ask your stock donor which firm he/she uses, and you can then open an account with that firm. The stock will get transferred, sold, and the proceeds sent to you.

If the stock is sold immediately, you can just book the transaction as a donation for the amount of the proceeds of the sale. However, when you thank the donor, you should only thank him for the shares of stock and do not put a monetary value to it as that is up to the donor.

Sincerely,  
CSI Investigator