Gift Counting Made Easy? November 25, 1996

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In 1982, before many of us raised our first philanthropic dollar, CASE issued guidelines concerning how to count and report those dollars. The premise was simple: Issue a set of definitions that we all could live with and a report format that wasn't too complex (many wonder if this aspect was ever realized!) for all educational institutions to follow. The result would be fund raising statistics from across the country that could be readily compared to one another. The "Green Book," as many of us came to call it, thus became our bible — not just for the bean counters among us — but for the fund-raisers, too. For once we could all speak a fairly similar language.

The "Green Book" served quite well for ten years but a combination of new tax regulations and a tremendous increase in number of active fund-raising campaigns pointed to some deficiencies in our guidelines. The "Red Book," CASE Campaign Standards, was then born in the spring of 1994. Its premise was similar to its parent document, but was developed specifically to place all reporting for campaigns on a similar plane. But having one set of guidelines for annual reporting and another for campaigns was, well, pretty silly. Furthermore, neither document fully addressed the accounting requirements, promulgated by the Financial Accounting Standards Board (FASB), that went into effect for many of us in December of 1994. So, the "Green Book" and "Red Book" were combined in early 1996 and resulted in the *CASE Management Reporting Standards: Standards for Annual Giving and Campaigns in Educational Fund Raising*. Now, I don't know if it were intentional but the color scheme for the new book, black and blue, perfectly describes how many of us in Advancement

Services felt when confronted with the prospect of having to re-learn how to count what. After getting over the initial shock, though, it is clear that the changes are not that overwhelming and actually quite useful.

Before going further I must raise a red flag for all of you who regularly participate in the CAE annual survey. The new standards will effect all of us, not just those in, or going into, a campaign. Effective with your 1997-1998 fiscal year you will have to count and report fund raising statistics in accordance with the new guidelines. Hopefully the changes for you will be few, but there likely will be some. You may have only a few short months left to make system changes to accommodate the new requirements. And those of you on the front line raising those big bucks aren't off the hook either. There are changes that may affect what you say to your donors and what forms you ask them to sign.

Here is a summary of changes/additions as outline on the first page of the new book:

CCC A guide for reconciling fund raising totals to accounting totals — yes, we still can agree to disagree!

CCC A guide for the calculation of present values (more on this later)

CCC Information concerning FASB and their statement numbers 116 & 117

CCC A guide for telling the difference between contracts and contributions

CCC A guide for handling quid pro quo contributions

CCC New standards for calculating alumni participation rates

CCC A guide for handling auction and other special event proceeds

CCC A guide for tracking grandparents as a contribution source

CCC A discussion on income assignment

CCC Notes for applying the new standards at Canadian institutions

CCC Revised, clarified, and expanded definitions

Perhaps the most significant change for annual reporting is what was implemented for Campaign reporting: Present value calculation and reporting. This becomes critically important in the area of planned giving. Simply stated, we must now report not only the fair market value of planned gifts, like trusts and annuities, but also their present value. So, when reporting your deferred gift total to CASE next year, you will need to know the value of all assets irrevocably transferred to you as of the date of transfer and the value of that gift when you project the gift will mature (a polite way of saying "when your donor is projected to go to a better place").

You're probably asking "Why must we report these two figures?" Honestly, it's for our own good. An institution that reports a $10 million dollar deferred gift established by a 40 year old is not on a par with an institution that reports a $10 million gift established by an 80 year old. Sure, both schools have received the same amount of money but one school will likely be able to spend theirs much sooner than the other. So, reporting the present value will enable us to draw very succinct comparisons with each other.

If you are responsible for raising money, you will want to review the new guidelines. There's a lot of good information in there that will help you work out some tough issues with your donors. CASE also has provided some sample pledge and bequest intention forms you may wish to incorporate.

If you are responsible for counting money, don't think that just because you have survived the 1993 Tax Reforms and 1994 FASB edicts you are now off the hook. If there's one constant about our jobs, it is that the rules are constantly changing. Start planning now for the changes you will need to address next fiscal year.