STANDARDS FOR REPORTING GIFTS AND PLEDGES

Cash

Report cash at full value as of the date received by the institution.

Securities

Securities should be counted at the average of the high and low market value on the date the donor relinquished control of the assets in favor of the institution. Closely held stock may be valued at the per-share cash purchase price of the most recent transaction. Normally, this will be the buy-back transaction of the donor. If no buy-back is consummated during the campaign period the stock cannot be credited to the campaign.

Gifts of Property

(1) Gifts-in-kind. Gifts-in-kind are non-cash donations of materials or long-lived assets. Gifts of materials or long-lived assets that serve the purpose of the organization should be reported at the face (fair-market) value. Gifts-in-kind might include such items as equipment, software, printed materials, and food or other items used for hosting dinners, for example. For items such as equipment and software, report the discount value, if any - that is, the value the organization would have paid if it had purchased the item outright from the vendor.

(2) Real and Personal Property. Gifts of real and personal property (e.g., land, houses, jewelry, etc.) exceeding $5,000 in value should be reported at the fair market value placed on them by an independent, expert appraiser at the time the donor relinquishes control in favor of the institution. Gifts $5,000 and under may be reported at the value declared by the donor or a “qualified” Fender Museum expert. Caution should be exercised to ensure that only gifts that are convertible to cash or that are of actual value to the organization are included in campaign totals.

Contributed Services

Contributed services should be counted as gift income if they meet all three of these requirements:

(1) They would need to be purchased if not contributed.
(2) They require specialized skills.

(3) They are provided by someone who possesses those skills. However, even if the donor meets this three-point test, there is no income tax charitable deduction.

Charitable Remainder Trusts

Gifts made to establish charitable remainder trusts (including charitable remainder trusts administered outside the organization) where the remainder is not subject to change or revocation should be credited to the Future Commitments section of campaign totals at both the discounted net present value of the remainder interest allowable as a deduction by the *Internal Revenue Code* and at the face (fair-market) value.

If a deferred gift of trust has been counted for the campaign as a future commitment and the life income recipient dies within the reporting period for the campaign, resulting in the organization receiving the gift in full, the organization may revise its crediting of the gift to reflect that the gift is fully paid by deleting it from Future Commitments.

Charitable Lead Trusts

Only the income received from a charitable lead trust during a pledge payment period not to exceed five years or the duration of the campaign (whichever is longer) should be reported.

Non-government Grants and Contracts

Grant income from private, non-government sources should be reported; contract revenue should be excluded. The difference between a private grant and contract should be judged on the basis of the intention of the awarding agency and the legal obligation incurred by an institution in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible compensation; it is donative in nature.

Life Insurance Policies

The Orange County Rescue Mission may or may not wish to include commitments of life insurance in its Future Commitments campaign totals. If gifts of life insurance are to be included, they must consistently conform to one of the following three methods of valuation and reporting.

(a) Premium Payments or Cash Surrender Value. The amount of premiums paid (or pledged) during the period of the campaign, or the cash surrender value of fully paid up life insurance policies for which the institution is owner and irrevocable beneficiary may be reported in campaign totals.

(b) Unrealized Death Benefit. The unrealized death benefit of fully paid up life insurance policies may be counted so long as they satisfy all of the following requirements:

1. The donor must be 70 years of age or older;
2. The institution must be made the owner and irrevocable beneficiary;

3. The insured (face) value must be discounted to present value.
4. The amount must be reported in the "future commitments" section of campaign totals.

Note: Extreme caution must be exercised by development officers in valuing such commitments since some life insurance policies may not actually be worth the full stated value of the insured amount. For example, the cash value of a policy may have been borrowed against or the insurance company itself may have invaded cash value to meet missed premium payments.

(c) Realized Death Benefits. If the face amount of a policy is realized during the campaign period, whether the policy is owned by the institution or not, the difference between any previously credited cash or discounted value (in this or a previous campaign) and the insurance company's settlement should be reported in campaign totals.

Realized Testamentary Gifts (Bequests)

All bequests realized during the defined duration of the campaign should be counted and reported at full market value so long as these amounts were not reported in a previous campaign.