

Looking at One Gift Four Ways

Counting, Accounting, Credit & Recognition

The scenario:

Mary Smith, a trustee, has given \$25,000 consistently for several years. She's also a member of the capital campaign steering committee. Today, the major gift officer delivered her signed pledge for \$500,000, payable over five years. The donor instructs that the gift should be split between the campaign and annual fund however it best suits the institution. After discussion, it is determined to sustain her \$25,000 for the annual fund for the next five years and allocate \$75,000 per year to the campaign.

- The chief development officer wants to count \$375,000 toward the campaign now and \$25,000 toward the annual fund each year for the next 5 years.
- The finance office wants to account for the full \$500,000 pledge, in accordance with accounting guidelines, noting that a portion is restricted as to purpose, and a portion is restricted as to time.
- The campaign chair wants to give her recognition with a \$500,000 campaign naming opportunity, while the stewardship office wants to credit her \$25,000 annual contribution to membership in the major donor society each year.

Who is right?

In fundraising circles, there is often healthy tension between the finance office, advancement services, major gift officers and others who may have divergent ways to look at the same gift. Even a well-crafted gift acceptance policy can leave grey areas.

It helps to understand the purpose of each treatment of this gift.

- *Accounting* is the systematic process that determines how the financial transactions of an organization are recorded and reported. Accounting practices must conform to accepted standards and will be reviewed by an external auditor.
- *Counting* is the allocation of a gift toward a goal, such as a campaign or annual fund. Counting practices should conform to standards such as those provided by AFP, CASE, and NCPP (formerly PPP).

- *Gift credit* describes how the gift is recorded in the donor's file, which may determine the donor's eligibility for benefits. At institutions with metric-driven prospect management, credit also defines which development officer will be acknowledged for securing the gift.
- *Recognition* is the public acknowledgement of the gift. While an institution may have guidelines to ensure consistent recognition, there is usually some flexibility based on the donor's overall relationship with the institution.

So who is right?

They all are.

So long as an organization exercises transparency, a single gift can be viewed from several different perspectives. The counting and accounting of the gift are governed by external guidelines, while credit and recognition are based on internal principles such as abundance and gratitude resulting in a deeper relationship with the donor. Learn more about developing a [donor recognition program](#) for your next campaign.