

ECFA Standard 7.2 – Stewardship of Charitable Gifts ***Giver Expectations and Intent***

"Statements made about the use of gifts by an organization in its charitable gift appeals must be honored. A giver's intent relates both to what was communicated in the appeal and to any instructions accompanying the gift, if accepted by the organization. Appeals for charitable gifts must not create unrealistic expectations of what a gift will actually accomplish."

The cycle of requesting and/or receiving a charitable gift is not complete until the intent and expectations of givers have been met.

Giver expectations. The goal of every appeal should be to generate in the giver's mind an expectation as close to reality as possible. Givers' expectations are closely associated with truthful communication. After reading, seeing, or hearing the "truthful communication," the prospective giver should have developed an accurate expectation of what a gift will accomplish in response to the appeal.

Although the standard is worded in the negative ("must not create unrealistic . . . expectations"), it is more instructively approached from the positive ("must create realistic expectations").

The appeal often generates certain expectations as to what a gift will accomplish. The key question to ask in preparing the appeal is, "Will the expectation generated in the mind of the giver match the reality of what will occur?"

In the same way, appeals should address giver expectations in two ways. First, does the appeal create a realistic expectation of the nature of the ministry's potential achievement if it receives all the necessary funding? This requires a careful presentation of the giving opportunity.

An organization may not use a broad, "saleable" appeal to raise funds for a narrower purpose. For example, it would be false and misleading to direct an appeal "to feed the hungry," when the real intent is to build an administration building for a relief and development ministry. Likewise, it would be inappropriate to raise funds "to put Bibles in the hands of the Third World" when, in fact, the funds will support long-term missionaries working in the area—even if these missionaries have a part in distributing the Bibles.

In both of these examples, the typical expectation created by the appeal would not be in line with the organization's intent.

The appeal's goal should be to present a precise and accurate description of the *nature of the program* that the gift will help accomplish. This will ensure that the expectations created by the appeal and what the organization accomplishes with the gift are in alignment.

The second area of donor expectation deals with the *impact of the gift* in achieving the stated program opportunity.

Most givers are aware that ministries have a certain amount of overhead. When appeals are stated generally, a typical giver assumes that a small portion of the gift will be used to cover such administrative costs. However, as the language describing the program opportunity becomes more specific and pointed, the typical giver is more likely to expect the entire amount of the gift to be used directly for the stated ministry, rather than to cover related overhead or administrative costs.

No clearly observable line of demarcation separates a general appeal from a specific appeal. However, the organization should remember the following principles in relating the language of the appeal to donor expectation:

- The more specific the language describing how the gifts will be used, the greater is the giver's expectation that the entire gift will be used completely for that purpose.
- The more general the language of the appeal, the greater is the giver's expectation that the organization will determine how the funds will be used, within the overall context of the organization's purpose.

The goal is to develop an expectation in the giver's mind that will accurately match the reality of how the organization will use the donor's gift.

Giver intent. The organization is obligated to use a gift as directed by the giver or, alternatively, to choose not to accept the donation. Once the giver has indicated the intent for which the gift was given and the organization has accepted the gift, it is the organization's responsibility to fulfill that intent, whether or not the gift fulfillment is required by law.

Giver intent is normally determined in one of two ways. In most cases, the giver responds to a specific appeal with a gift. The appeal itself generally identifies the purpose for which gifts are sought. If the giver simply responds to the appeal with a gift, the organization should assume that the giver's intent is for the funds to be used as described in the appeal. Again, the need for precise communication in the appeal establishes a clear understanding between the organization and the giver on the use of the gift.

Second, giver intent can be determined from the giver's own written, verbal, or digital communication. Whether these take the form of a letter from the giver accompanying a gift, notes on a gift response card, comments accompanying an online gift, or personal conversations with the giver, any communication accompanying the gift should be considered an expression of giver intent.

Timeliness of expending gifts to fulfill a giver's intentions. An organization should expend gift funds in fulfillment of a giver's intentions within a reasonable length of time. What is "reasonable" will depend on the facts and circumstances.

Transferring gift funds to another charity. If an organization receives gifts that are not part of its present or prospective programs, the funds should generally be gifted or granted within a reasonable length of time to one or more other charities which will be able to fulfill the giver's intent through their present or prospective programs or refunded to the giver. Before a gift or grant is made to another

organization, the organization should determine an appropriate process through which the organization can be assured that the other organization will fulfill the giver's intent.

Over- and under-funding of gift requests. At times, charitable gifts exceed the needs for a particular project or gifts fall so short of project needs that the project cannot be fulfilled. Charitable gifts which relate to over- or under-funding scenarios may be proactively covered by a disclaimer communicated by the organization to givers before the gifts were made. For example, a giving appeal might include the disclaimer that gifts that cannot be used for the particular project will be used for a similar project. With this type of a disclaimer, the gifts could be applied to the secondary project.

Refunding gifts to donors. Occasionally, givers request a refund of a charitable gift they made previously. Since contributions must be irrevocable to qualify for a charitable deduction, there generally is no basis to return a charitable gift to a donor. When it appears a refund involving a significant amount is justified, it is wise to obtain legal counsel.

Summary. Organizations must create realistic expectations of what will be accomplished with a charitable gift. The timely fulfillment of the giver's expectations completes the cycle with respect to the gift.