A Look at the New CASE Global Reporting Standards

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The Council for the Advancement and Support of Education (CASE) has released its "Global Reporting Standards, 1st Edition." The vision for the Standards is audacious: "the first truly worldwide standards for advancement in education." True to its title, among the book's 350+ pages are supplemental chapters that provide specific guidance for counting charitable gifts in six different countries around the globe.

Although the primary focus is to articulate standards for the counting and recognition of all types of charitable contributions that will facilitate comparisons among educational institutions worldwide, the Standards also cover a broad range of issues beyond counting and recognition. There are extensive sections on ethics and standards of practice for advancement professionals, as well as guidance for navigating issues involving donor control and the moral thickets that can arise when a donor's nefarious past comes to light.

Even if your organization is not involved in the education sector, it behooves you to be familiar with the CASE Standards. Giving to education represents 15% of total philanthropy and is the second largest sector after religion. The Standards can serve as an objective and consistent model for counting and recognition. What is more, affluent donors tend to favor education more than the average donor, so your best donors may well have been exposed to the CASE Standards, whether they know it or not.

Our focus in this article is on the Standards that apply to the valuation and counting of planned gifts in the United States. The Standards divide planned gifts into two categories. "Bequest/Legacy Intentions" includes most revocable gift plans. "Future Commitments" covers gift annuities, remainder trusts, lead trusts, life estates, and the like. (We might quarrel with the term “future commitments,” since our donors know full well that these contributions are fully and irrevocably committed in the here and now.)

History: The Quest for Consistency

The new Global Reporting Standards trace their origin more than 40 years back to 1979 when CASE developed its “Management and Reporting Standards of Educational Institutions: Fund Raising and Related Activities.” Those standards largely limited fundraising reports to outright contributions received for the institution’s immediate use and did not count or recognize most planned gifts. Over the years, with input from a broad group of development officers, business officers, and others, the standards were revised to incorporate the appropriate valuation, counting, and recognition of planned gifts, culminating in the 2009 publication of a revised Fourth Edition of the CASE Standards.

The National Association of Charitable Gift Planners (CGP) has been actively engaged in the evolution of standards for counting and recognizing planned gifts. The “Valuation Standards for Charitable Planned Gifts,” published in 2000 and updated in 2011, are an expansive and detailed guide to calculating the economic value of various types of planned gifts. They remain a valuable resource for the technical issues involved in gift valuation.

In 2005, CGP focused more narrowly on the issue of counting with its “Guidelines for Reporting and Counting Charitable Gifts,” which were endorsed by the Association for Fundraising Professionals and the Association of Philanthropic Counsel. Those 2005 Guidelines for Reporting and Counting were largely incorporated into CASE’s 2009 standards.

Framework: Three Separate Categories

All the various guidelines share a primary goal: to consistently and transparently count and report contributions in ways that allow comparisons among different organizations and fundraising campaigns. Each of the guidelines, including CASE’s new Global Reporting Standards, are organized around the concept of three separate but complementary categories of fundraising goals:

1. **Outright Gifts** – those that are usable or will become usable for institutional purposes during the “campaign” period (whether one or more years).

2. **Irrevocable Deferred Gifts** – those gifts irrevocably committed during the “campaign” period but not usable by the organization until some point after the

end of the campaign period. This category includes gift annuities, remainder trusts, lead trusts, and retained life estates.

3. **Revocable Gifts** – gifts solicited and committed during the "campaign" period but in which the donor retains the right to change the commitment and/or beneficiary. This category includes bequest provisions and beneficiary designations.

In each case, totals are reported at "face value," without discounting for present value. Segregation into these three discrete categories is intended to ensure that the present-day impact of an irrevocable deferred gift is not confused with that of an outright gift and that the risk of change associated with a revocable gift can be distinguished from irrevocable deferred or outright gifts.

In concept, the three categories are separate and should not be added together because each represents a distinctly different type of money for the institution. In practice, especially in the case of a comprehensive campaign, the three are often added together and promoted as an overall dollar goal for the campaign. Among the issues the CASE Global Reporting Standards grapple with is the risk of goal inflation and unreasonable expectations that can arise if revocable gift goals are allowed to overwhelm institutional priorities and needs.

What's New

The treatment of planned gifts is relatively unchanged in the new CASE Global Reporting Standards with one major exception: revocable gifts are not to be counted unless the donor will be age 65 or older by the end of the counting period. Previous standards discussed the reasons to establish a minimum age but left the selection of the specific age to the institution.

While setting a minimum age establishes a consistent standard, it is interesting to speculate on why age 65 was selected. Even though generally accepted as when retirement is supposed to begin, there is nothing particularly significant about age 65. When the Social Security system was created in the 1930s, 65 became enshrined as retirement age, but that choice was driven by life expectancy calculations suggesting that the Social Security system could be sustained with only moderate payroll taxes. In fact, for most people who are not already retired, the Social Security retirement age today is 67. There are many other ages that might be applicable: 59½ is the age at which the penalty for early withdrawals from a qualified retirement plan ends; minimum required distributions do not begin until age 72; the mid-point of most life expectancy tables is around age 42. Age 65 seems like an arbitrary choice, but at least it has the virtue of consistency.

Several other items in the new CASE Global Reporting Standards may be of particular interest to gift planners:

- **Post-death Adjustments** – In a clarification of previous standards, if a revocable planned gift becomes irrevocable during the counting period (i.e., the donor dies and the gift is realized), the total counted is to be adjusted to reflect the actual amount received.

- **Donor Advised Funds** – Additional requirements have been added for the treatment of contributions to and from donor advised funds. If a contribution is made to the institution's own donor advised fund, the gift is not counted until the funds have been released for use by the institution.

- **Preferred Seating** – The institution is required to estimate the fair market value of the opportunity to acquire preferred seating because of a contribution and subtract that value from the reported value of the contribution. This change seems to be in reaction to the Tax Cuts and Jobs Act of 2017 provision that eliminated the 80% deduction for these gifts.

- **Virtual Currencies** – Contributions in the form of virtual currency are counted at the dollar value received when the virtual currency is converted to cash. There is no discussion or advice about the risk of volatility involved with virtual currencies.

- **Intellectual Property Rights** – Contributions to support research are to be counted only if the institution or its faculty retain ownership of the intellectual property resulting from the research.

In Conclusion

The CASE Global Reporting Standards are a step toward a universal set of criteria for valuing and counting charitable contributions. Although the Standards specifically apply only to educational institutions, they provide an authoritative and consistent framework for any organization to count and report its charitable contributions. The Standards are available for purchase from CASE in hard copy and digital formats for $120 for non-members and offered at a discount to CASE member institutions.