

Glossary of fundraising and planned giving terms

115	Section 115 of the Internal Revenue Code of 1954, under which the University of Missouri Extension Councils and their 4-H clubs are considered tax-exempt organizations and that donations to them are deductible by the donors.
501(c)(3)	IRS designation for public serving nonprofit organizations (nonprofit corporations) exempt from income tax and eligible to receive tax-deductible gifts.
501(c)(4)	IRS designation for advocacy organizations (nonprofit organizations exempt from income tax but not eligible to receive tax-deductible gifts because they engage in advocacy-type efforts).
990	Form used by the IRS for annual reporting by 501(c)(3) nonprofit organizations.
Advancement	The term advancement encompasses alumni relations, communications, development, marketing and allied areas within educational institutions.
AFP	Association of Fundraising Professionals (formerly NSFRE)—professional organization for fundraisers.
AGI	Adjusted Gross Income
Annual Gift Tax Exclusion	Applied to gifts made to individuals, not charitable gifts. \$15,000 per donee; \$30,000 per donee for married couples who “split gifts”; \$155,000 per non-citizen spouse.
Annual giving	Annually repeating gift programs; seeking funds on annual or recurring basis from the same constituency; income is generally used for operating budget support.
Annuitant	An individual who receives, or who is scheduled to receive, annuity payments. In the context of fundraising, this refers to the recipient of payments from a gift annuity.
Annuity (Charitable)	A transfer of cash or appreciated stock to a non-profit institution in return for a contract to pay a fixed amount for life to a donor and /or another annuitant. The value of the transferred cash or stock exceeds the value of the annuity guaranteed by the charity. The excess value is considered a charitable contribution and generates a charitable tax deduction. The amount paid to the annuitant is normally determined from IRS actuarial rate tables based on age(s) of the annuitant(s) and may include other factors as agreed upon by either of the parties making the contract. <i>Gift annuities that benefit MU Extension may be issued through the University of Missouri’s gift annuity program.</i>
Appreciated Property	Property with a value greater than the cost basis. (Also see Cost Basis)

Glossary of fundraising and planned giving terms

Appreciated Securities Gift	A gift of securities with a market value beyond the original cost. Gifting this type of property to a charitable organization eliminates capital gains taxes.
Bargain Sale	The sale of property at less than its fair market value. Frequently, a person will sell property to a non-profit organization at a “bargain”; the individual’s cost, as opposed to market value. The transaction then is partly a gift and partly a sale.
Beneficiary	The recipient of funds, property, or other benefits from an insurance policy, will or trust, or of property directed by a beneficiary form such as a retirement account.
Bequest	A transfer, by will, of personal property such as cash, securities, or other tangible property.
Capital campaign	A carefully organized, highly structured fundraising program using volunteers supported by staff and consultants to raise funds for specific needs, to be met in a specific time frame, with a specific dollar goal. Allows donors to pledge gifts to be paid over a period of years.
Capital Gain	Capital gain property is generally securities, land, or buildings that would provide the owner with a long-term capital gain tax obligation if sold at its fair market value. The profit resulting from the sale is generally taxed as a capital gain, rather than as ordinary income, if the asset was held for more than 12 months. Gains resulting from the sale of assets held for less than 12 months are generally taxed as ordinary income. A gift of most capital gain property to a nonprofit organization creates an immediate income tax deduction in the year of the gift. The deduction is limited to 30% of the donor’s AGI if given to a 50% organization. <i>The University of Missouri, MU Extension, and county extension councils are considered 50% organizations.</i>
Charitable Deduction	In most cases this term refers to the portion of a gift the donor can deduct from Federal Income Tax. A donor’s charitable deduction should not be confused or equated with the value of the gift. For instance, gifts for purposes of life income agreements (charitable gift annuities, e.g.) are not federally deductible at their full value. The federal deduction allowable for a gift, to an organization described in IRS Code Section 170(b)(1)(A), is generally limited to 50% of the donor’s contribution base, which is usually his or her AGI. If the gift consists of capital gain property, the limitation is generally 30% of the donor’s contribution base. Either way, if the gift exceeds the limitation, carry-over provisions allow the donor to deduct the excess in the following five years.
Charitable Remainder Trust	A tax-exempt irrevocable trust designed to reduce the taxable income of individuals by first dispersing income to the beneficiaries of the trust for a specified period of time and then donating the remainder of the trust to

Glossary of fundraising and planned giving terms

	the designated charity. CRTs can be funded with cash, publicly traded securities, or real estate.
Codicil	An addition to a will or a change to a will, execute with the same formalities as are required for the will itself.
Corpus	The assets or principal in a trust, or endowment fund.
Cost Basis	The original cost of property plus improvements and other expenses paid by the owner during the period of ownership, minus any depreciation. Cost Basis also refers to the original purchase price of a publicly traded security. When a property owner dies, the basis is “stepped up” to the value at the date of the death. (Also see Stepped Up Basis)
CRM/Database for donors	Customer Relationship Management; otherwise known as the software program that collects specific data about your donors (name, contact, giving history, lifetime giving total, etc.)
Donee	The person (or organization) receiving a gift.
Donor	A person who has given money in one form or another to further your organization’s mission or cause .
Donor-Advised Fund	A donor-advised fund, or DAF, is a philanthropic vehicle established at a public charity. It allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the fund over time. Many DAFs are held at community foundations, or financial institutions such as Fidelity.
Endowment	Endowment is a way to give a gift in perpetuity. A fund is created from the gift and, each year, a distribution is made available to spend from the fund based on a formula that makes sure the endowment sustains its buying power over time.
Estate Tax	A tax upon the right to transfer property to others at death. It is paid before beneficiaries receive their share of the estate proceeds. 2020 exclusion amount: \$11,400,000.
Fifty Percent Institution	Any charitable organization described in IRS Code Section 170(b)(1)(A). Donors may deduct up to 50% of their adjusted gross income for gifts made to a qualified charitable organization. Gifts of appreciated property may only be deducted for 30%. (See Charitable Gift). <i>The University of Missouri, MU Extension and county extension councils are 50% institutions for charitable tax purposes.</i>
Five-Year Carry-Over Rule	A federal income tax provision that allows a donor to carry over, into the five succeeding tax years, any amount of a gift that exceeds the deductible amount in the year the gift is made. (See Charitable Gift)
Gift in Kind	A gift of goods and services, instead of cash or stock.
Giving Society	A society devoted to recognizing and thanking donors for their giving. Often giving societies will recognize different levels of major gifts, or annual gifts. Through the MU Land-Grant Society, Extension recognizes

Glossary of fundraising and planned giving terms

	cumulative giving to Extension for sustaining membership in the amount of \$25,000 and more, or \$12,500 and more for University employees and retirees. Giving in one year totaling \$2,500 or more qualifies for Annual Membership; or \$1,500 of cumulative giving in one year for employees, retirees and donors 35 years of age or younger. Giving that qualifies for Land-Grant Society can be applied to membership levels for the MU Jefferson Club and MU Columns Society. 4-H donors are considered Clover Members of the MU Land-Grant Society.
Intangible Property	Property that has no intrinsic value, but is merely the evidence of value; such as certificates of stocks, bonds, promissory notes, and franchises.
IRA Rollover	A type of donation that comes from a donor's individual retirement account, and can be as large as \$100,000 from each year. (See Qualified Charitable Distribution)
Irrevocable	An agreement that cannot be revoked or changed by the person who enters into the agreement except by the mutual consent of all of the parties to, and beneficiaries of, the agreement.
Leadership gift	A leadership gift is a large donation made by a single person, a small set of people, or a foundation at the very start of the fund drive. It is typically the largest gift of the drive and is used to inspire others to contribute.
Life Estate Agreement	An agreement between a donor and a charity in which the donor deeds real estate to an institution, but reserves the right to use and/or reside on the property for life. Donor retains income interest for life. Donor may be entitled to some charitable deductions in year of transfer. Donor continues to be responsible for taxes and maintenance of property for life.
Life Insurance Gifts	The irrevocable assignment of a life insurance policy to a charitable organization. This removes the life insurance from the estate and the present value is fully tax deductible. Annual premiums may be donated to and paid by the charity, and are tax deductible by the donor.
Major gifts	A gift of significant amount (size of gift may vary according to organization's needs and goals); may be repeated periodically.
Memorial Gift	A gift to a charity in memory of a deceased person.
Moves management	Moves management is the process by which a prospective major donor is moved from cultivation to solicitation. "Moves" are the actions an organization takes to bring in donors, establish relationships, and renew contributions.
NGO	non-governmental organization
NPO	nonprofit organization
Planned/legacy gift	A gift provided for legally during the donor's lifetime, but whose principal benefits do not accrue to the institution until some future time, usually at the death of the donor or his or her income beneficiary.

Glossary of fundraising and planned giving terms

Pledge	A signed and dated commitment to make a gift over a specified period, generally two or more years, payable according to terms set by the donor, with scheduled monthly, quarterly, semi-annual, or annual payments.
Principal gift	Depending on the organization, a gift of several hundred thousand to millions of dollars; high-dollar gifts made by fewer individuals.
Probate	Probate is a formal and legal process of valuing property and passing ownership of property from a deceased's estate to beneficiaries. This process occurs under the supervision of a probate judge and the probate information is available to the public. During the estate settlement, creditors are identified and paid before passing any property to beneficiaries. Property goes through the probate process with or without a will. Property in a trust does not go through the probate process.
Qualified Charitable Distribution	<p>THE QUALIFIED CHARITABLE DISTRIBUTION:</p> <ul style="list-style-type: none"> • The donor must be 70 ½ or older at the time of the transfer • The total of all rollovers to charity(ies) may not exceed \$100,000 per year • The funds must be transferred directly from an IRA (not a 401(K) or 403(b)) to charity • The charity must be a public charity and not a donor advised fund or supporting organization • The donor must not receive anything in return that would reduce his/her charitable deduction (if a charitable deduction had been available) <p>(See IRA Rollover)</p>
Restricted gift	A gift for a specified purpose clearly stated by the donor.
Revocable Living Trust	A trust agreement that can be canceled, rescinded, or repealed by the maker (grantor). This arrangement allows the grantor to maintain some control of his or her assets. Legally, and for tax purposes, a gift is not made when these types of trusts are created, since the grantor has the right to change his or her mind. However, gift taxes will apply if property does actually pass to a beneficiary. The grantor can specify, in the revocable trust agreement, how to handle property in case of his or her incapacity.
Section 115	(See "115") Tax-exempt status of Extension.
Stepped-Up Basis	All assets in a deceased's estate receive a fair market valuation as of the date of death, or six months after death. For income tax purposes, that "stepped-up" value becomes the new cost basis, thus reducing if not eliminating, capital gains upon the sale of the property. Does not apply to lifetime gifts; the recipient of a lifetime gift has the same cost basis as the giver.

Glossary of fundraising and planned giving terms

Sustaining Gifts	A donation with multiple ongoing payments, including payments of a specific amount that occur over a defined period of time that may or may not have an end date. Also commonly referred to as; Recurring Gifts, Monthly Gifts, Ongoing Gifts.
Tangible Personal Property	All movable property that can be possessed physically, such as goods, clothing, furniture, automobiles, stocks, bonds, life insurance and bank accounts.
Tangible Personal Property Gifts	Gifts of tangible, personal property or assets such as a painting or jewelry. The charitable deduction for these types of gifts is determined by how closely the property is related to the charitable organization's mission and the organization's tax-exempt status.
Tax-Exempt Status	Refers to the fact that a non-profit corporation is exempted from paying taxes because of its charitable activities.
Unrestricted gift	A gift to an institution or agency for whatever purposes officers or trustees choose.
Valuation	The often-difficult process of appraising the fair market value of property for tax purposes. The IRS has special rules for determining the fair market value of certain properties (e.g., listed securities, annuities, life insurance, business interest, real property, etc.). There are special valuation rules for certain qualifying farm and closely held business real estate which allow valuation to be made on the basis of the property's current use rather than its highest and best use.

SOURCES:

Charitable Gift Planning Guidelines, prepared by R&R Newkirk for the MU Office of Gift Planning & Regional Advancement, 2020.

Estate Planning & Planned Giving Comprehensive Glossary, prepared by Resource Development, Inc., Springfield, Missouri, 1998.

MarketSmart article, Glossary of Key Fundraising Terms, Jargon, and Vocabulary You Need to Know, by Zach Shefska, Feb. 26, 2020.