

Restricted Gifts and Endowments: Documentation and Financial Statement Disclosure

Danika H. Mendrygal, Mendrygal Law, PLLC
Neely D. Duncan, CPA, CFE FCPA, Partner, BKD



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Why?

- Donor relations
- “Court of Public Opinion”
- Media/Public relations
- Sophisticated donors asking for more
- Charities and development staff becoming more creative
- Legal implications



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What can go wrong?

- Reputational risk
- Donor relations
- Change in culture or values over time
- Change in circumstances
- Conflicts of Interest
- Donor actions/reputation
- Donor default on payment
- Restrictions or requirements the charity cannot handle
- Lack of clarity around provisions
- State regulatory enforcement
- Private donor enforcement (or attempts)
- Charitable pledges

Regulatory/Legal framework

- Federal/IRS
 - Completed gift
 - Charitable deduction
 - Quid pro quo rules
 - Conditional “get it back” restrictions
 - Impact on 501(c)(3) status
 - Private benefit
 - Private foundation rules (i.e. self-dealing)
- State
 - Donor intent
 - UPMIFA
 - Attorney General/Charities Bureau
 - Other issues
 - Private litigation

Examples of Restrictions



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Related Issues

- Donor privacy issues
 - Policy
 - Form 990, Schedule B
 - Employees
- Donor expectations



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