GEORGIA STATE UNIVERSITY FOUNDATION, INC.

Procedure number/name: 2.1c Soft Credit Procedure

Issuing date: March 4, 2009  Effective date: March 4, 2009

Related policy number/name: 2.1 Gift Acceptance Policy Title I, Principles and Definitions

Procedures Approved by: President of the foundation/vice president for development

I. Introduction

In order to recognize that gifts may have been received due to the efforts of another party, the foundation records what is known as “soft credit” (including soft credit attributed to matching gifts). Soft credit is granted exclusively for recognition purposes. The objective of this procedure is to detail staff roles and responsibilities in soft credit cases and give guidance on the awarding of soft credit.

Note: Soft credit is used generically in this procedure to refer to credit to parties other than the individual or organization that legally tendered a gift. Raiser’s Edge processes company matching gifts separately from the awarding of other forms of soft credit. In terms of donor recognition at Georgia State, however, soft credit always includes company matching gifts unless specifically stated otherwise.

II. Revision history

Initial approval: 8/9/2006

III. Definitions

fundraising consortia. “This category includes entities that have been formed by a group of cooperating institutions or organizations for facilitating their fundraising activities. Examples of fundraising consortia include the United Negro College Fund, the Virginia Council of Independent Colleges, the United Way and other combined fund drives.” (Source: CASE standards) This category does not include government entities.

personal and family foundations. “Although there is no legal definition for a family foundation, this term often arises in fundraising contexts. For development purposes, personal and family foundations are those that were established, and continue to operate, as the conduits for the charitable donations of an individual or immediate members of a family.” (Source: CASE standards)

IV. Persons affected

Donors, offices of Gifts and Records Management and Donor Relations and University Events, and other Development staff.
V. Roles and responsibilities

The director of gifts and records management is responsible for awarding soft credit and recording it in Raiser’s Edge. The director has the primary responsibility for determining soft credit in routine cases (e.g., alumni couples, donor-advised funds and fundraising consortia) and may be able to make determinations in some non-routine cases. The director is also responsible for annually reviewing this procedure and making suggestions for revision as appropriate.

In non-routine cases (e.g., personal and family foundations and corporate principals), the development officer associated with the gift has primary responsibility for ascertaining whether soft credit is desirable and for making a written request (on the gift deposit form or major gift transmittal or by e-mail) to the director of gifts and records management.

VI. Procedures

A. Amount of soft credit.
Each recipient is awarded 100% soft credit.

B. Alumni couples.
When a gift is made by an alumnus/alumna who is married to another alumnus/alumna, one person – typically the signer of the check – receives hard credit. If the spouse has a separate record in the database, he or she receives soft credit.

Note: “For participation purposes, contributions from married alumni are usually counted as coming from two individual alumni unless the couple specifies otherwise.” (Source: CASE standards)

C. Corporate principals.
“The principal of a corporation may play an instrumental role in helping the institution secure a gift from that corporation. In such cases, the principal can be awarded soft credit for the gift. However, the principal usually does not automatically receive soft credit for all gifts from that firm—only when he or she actually orchestrated the gift.” (Source: CASE standards) (See the role and responsibilities of development officers above.)

D. Donor-advised funds.
“Gifts made through a donor-advised fund are counted as coming from an organization, not an individual. However, the donor who made the original gift to the fund (and that person's spouse or partner if applicable) is eligible to receive soft credit for the amount the fund contributed to the university.” (Source: CASE standards)

Note: Development staff should be aware of the implications of these gifts on pledge payments and matching gifts. The IRS may consider a donor-advised fund payment on a personal pledge as income to the individual, potentially subjecting the donor to additional taxes and penalties. In addition, most companies will not match gifts from donor-
advised funds. (For more detail on donor-advised funds, see CASE standards, page 54.)

E. Fundraising consortia (see definition).

Hard credit goes to the fundraising consortium when such an organization is the donor of record. Fundraising consortia “often provide a list of how much of their contribution can be attributed to specific individuals. Those individuals normally receive soft credit for the amounts indicated in the provided list, but because the organization typically retains a portion of the gift, the soft credit amount should equal the net amount of the gift the institution received.” (Source: CASE standards)

F. Independently administered matching gifts.

Many companies now use foundations and donor-advised funds to administer their matching gift programs. Such gifts count as coming from the legal donor (usually the foundation or fund). CASE standards suggest that “it is usually appropriate to give soft credit both to the company and to the donor whose gift was matched.” Georgia State, however, only gives soft credit to the donor whose gift was matched. For recognition purposes (listings in honor rolls, for example) giving by corporations includes giving by company sponsored foundations and other related entities.

G. Personal and family foundations (see definition).

“Gifts from these foundations are counted as foundation (not individual) gifts. Any or all of the related family members normally receive soft credit for gifts made by the foundation.” (Source: CASE standards) (See the role and responsibilities of development officers above.)

H. Realized bequests and similar vehicles.

Hard credit is given to the estate or trust. Soft credit will be recorded for the decedent who created the bequest or trust and/or their spouse.

I. Other situations.

Situations not covered by the provisions above may be accepted for soft credit. Applications must be made in writing to the director of gifts and records management for presentation to the vice president, who shall have the sole authority of approval.

Additional information and resources

Foundation policies and procedures

2.1 Gift Acceptance Policy Title I, Principles and Definitions
   2.1a Annual Programs Counting and Reporting Procedure
   2.1b Donor Recognition Procedure

2.2 Gift Acceptance Policy Title II, Outright Gifts
   2.2a Receipts, Acknowledgments and Thank-Your Letters Procedure

2.3 Gift Acceptance Policy Title III, Pledges
   2.3a Pledge Fulfillment Procedure