

Standard 5: Fundraising

The land trust conducts fundraising activities in an ethical and responsible manner.

Fundraising is a critical and ongoing activity of every active land trust. It is also an area that is highly regulated by law. Land trusts should approach fundraising as a way to build longtime supporters and friends of their conservation mission. Fundraising should be undertaken not only with an eye toward meeting short-term needs, but also with an understanding of how fundraising practices affect the long-term credibility of the land trust. A good source of charitable giving standards is the Wise Giving Alliance of the Better Business Bureau. Its standards can be found on www.give.org.

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Credibility and Public Disclosure

Introduction

Every active land trust needs money to perform its work. Faced with steep land prices or an imminent threat to develop a key parcel, a land trust can sometimes find itself paying

more attention to *how much* it can raise than to *how* it raises the funds. Due to pressure to raise a large amount of money, lack of familiarity with the law and generally accepted fundraising standards, or lack of oversight of fundraising activities, a land trust can slip into questionable fundraising practices.

Fundraising must be done not only with an eye to meeting short-term needs, but with the goal of maintaining the land trust's integrity and the goodwill of its donors over time. Fundraising practices that shake donors' confidence in the land trust will reduce the organization's fundraising success over the long term and, ultimately, undermine its ability to carry out its fundamental land protection mission.

How does a land trust know what is appropriate activity? In addition to complying with the practices outlined in this Standard, a land trust should:

- **Know and comply with state law.** The majority of states have laws that specifically regulate the solicitation of charitable contributions. States may also have other laws—such as nonprofit corporation acts and general consumer protection statutes prohibiting fraudulent or deceptive practices—that give states additional authority over land trusts' fundraising activities. States can impose civil and/or criminal penalties for violations of their charitable solicitation laws, and in recent years, a number of states have moved to toughen penalties and step up enforcement. State attorney generals' offices also investigate and maintain files of complaints against nonprofit organizations. See practice 5A on charitable registration laws.
- **File accurate information on IRS Form 990.** The IRS Form 990, which land trusts must file annually, calls for detailed explanations of program services and information on revenues and expenses, including administrative and fundraising expenses. If the IRS finds that a nonprofit is not fulfilling its basic charitable purposes, the government can revoke the organization's tax-exempt status.
- **Be aware of other voluntary fundraising standards.** To help public charities operate more responsibly, the Better Business Bureau's Wise Giving Alliance publishes standards for charity accountability. These standards also provide a guide that land trusts can use to assess their own operations. Many of their requirements are reflected in *Land Trust Standards and Practices*, but they contain additional recommendations as well.

Unethical, and even illegal, practices in charitable fundraising *do* occur—sometimes through neglect, sometimes through abuse. Such practices can erode the public's confidence in giving to charitable organizations, including land trusts. Because of recent abuses, some states have launched public information campaigns to educate citizens about various fundraising ploys and warn residents about potential rip-offs. This places a special burden on nonprofits to be above reproach in their fundraising practices. The practices that follow outline some of the most basic legal and ethical guides a land trust should follow.

Links to Helpful Resources

- [Wise Giving Alliance](#) – part of the Better Business Bureau. The Alliance reports on nationally soliciting charitable organizations that are the subject of donor inquiries.

Links to Helpful Publications

- [Standards for Charity Accountability](#), Wise Giving Alliance, Better Business Bureau, 2003.
- [Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations](#), Independent Sector, 2004.

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Practice 5A: Legal and Ethical Practices

- ❑ The land trust complies with all charitable solicitation laws, does not engage in commission-based fundraising, and limits fundraising costs to a reasonable percentage of overall expenses.
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There is increasing federal and state regulation of fundraising practices, and public and donor scrutiny of nonprofit fundraising activities. Charitable solicitation laws are designed to enhance public accountability and to aid potential donors by making government-required registration material and financial reports available to the public. Compliance with the standards of the fundraising industry is considered prudent for land trusts.

Professional fundraisers are discouraged from engaging in commission-based fundraising by national associations. The *Code of Ethical Principles and Standards of Professional Practice* of the Association of Fundraising Professionals states: “Members shall not accept compensation that is based on a percentage of charitable contributions; nor shall they accept finder’s fees.” (See www.afpnet.org.) As public charities, land trusts are trustees of other people’s money. As such, they have ethical obligations to keep the costs of doing business—raising funds and administering the office—within acceptable bounds. The [Wise Giving Alliance](#) standards suggest that organizations spend less than 35 percent of related contributions on fundraising. The Wise Giving Alliance also suggests that at least 65 percent of expenses be spent on program activities.

What Is the Law?

Approximately 40 states have charitable solicitations laws. While their provisions vary, they typically include requirements in the following areas:

- **Registration.** These laws generally require organizations to register one time or annually with a state agency, generally the office of the attorney general, secretary of state or consumer protection agency. Registration involves filing basic information about the organization, including the purpose for which it raises funds and whether it is tax exempt.
- **Filing of financial reports.** Many states require charities to file an annual report and/or some version of the charity’s [IRS Form 990](#) (the federal return for tax-exempt organizations). Many states also require independent financial audits for charities whose budgets exceed certain levels.
- **Paid solicitor requirements.** Many state charitable solicitation statutes also impose requirements on outside persons who solicit on behalf of the charity (paid solicitors) or who provide advice (fundraising counsel). These laws cover the registration,

licensing, and bonding of solicitors and counsel, and whether contracts between the charity and these individuals must be filed with the state.

- **Prohibitions.** Many solicitation laws also specifically prohibit the charity or its representatives from engaging in certain actions, such as misrepresenting the purpose for which solicited money will be used, and making false and misleading solicitation statements.

Charitable solicitation laws are designed to enhance public accountability and to aid potential donors by making the registration material and financial reports available to the public. At the same time, state law enforcement agencies may use the material to detect and prosecute illegal conduct. States impose civil and/or criminal penalties for violations. In recent years, in the wake of widely publicized abuses, a number of states have imposed tougher penalties for noncompliance and are more aggressively enforcing their charitable solicitation laws. To find out more about the laws that apply in their states, land trusts should contact the office of the secretary of state (which handles administrative functions relating to charitable solicitation in most states) or office of the attorney general (which enforces the laws). The land trust should consult with its attorney to be sure it is meeting the requirements of state law.

What Is Reasonable?

Land trusts, like other fundraising organizations, know that it takes money to make money. How does a trust determine when its fundraising expenditures are reasonable, and when they have become excessive?

The Wise Giving Alliance standards recommend that an organization spend at least 65 percent of its expenses on program activities. It also suggests that an organization spend no more than 35 percent of related contributions on fundraising. Related contributions include donations, legacies and other gifts received as a result of fundraising expenditures.

There may be legitimate reasons for fundraising costs to exceed these recommendations. For example, the higher fundraising and administrative costs of a newly created organization, donor restrictions on the use of funds, exceptional bequests, and environmental and political events beyond an organization's control are among the factors that may result in costs that could be deemed reasonable, even though the costs are above the percentage recommendations.

Many people consider the percentages recommended by the Wise Giving Alliance to be high. Many of the larger, more established charities keep their combined fundraising and overhead costs down in the 10 to 30 percent range. In addition, land trusts can use low fundraising and overhead costs to their advantage in fundraising appeals. In one new-member solicitation letter, the San Juan Preservation Trust in Washington State made the point that its members get a lot of conservation for their contribution, writing: "Last

year, 95 percent of all Trust revenues was applied directly to our land conservation programs or set aside for future preservation projects.” How much a nonprofit spends on its program is frequently used as a measure of good governance and operations by workplace giving campaigns, foundations, donors, and in comparison studies of the effectiveness of different environmental groups.

The Land Trust Alliance has not heard of abuses in the land trust community involving excessive fundraising costs, but such abuses certainly do exist in the nonprofit world, and they create problems for everyone. Investigations have found that some charities have spent as much as 97 cents of each dollar, or more, on fundraising and overhead expenses. In some cases the fundraising costs even exceeded 100 percent: one organization testified that its direct mail firm spent \$1.08 for every \$1.00 that was raised. Unusually high fundraising and administrative costs may raise the suspicions of state regulators and possibly lead to fraud investigations.

All of this scrutiny suggests that land trusts carefully police their fundraising outlays and be conservative in their fundraising expenses.

Other Advisable Steps

Other steps land trusts can take to be careful in its fundraising expenditures include:

- Have an active and responsible governing board whose members closely control the administration of the organization and its expenditures.
 - Carefully and accurately calculate fundraising expenses using generally accepted accounting procedures.
 - Truthfully disclose fundraising costs upon request.
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Links to Other LTA Resources

- [“Land Trust Ethics – Part II: Fundraising and Grant Funding”](#), *Exchange*, Fall 2004 (Vol. 23 No. 4)

Links to Other Helpful Resources and Publications

- [Association of Fundraising Professionals](#) – for more than 40 years, AFP has been the standard-bearer for professionalism in fundraising.
- [Code of Ethical Principles and Standards](#), Association of Fundraising Professionals, amended September 2007.
- [IRS Form 990 – Return of Organization Exempt from Income Tax](#)

- [Standards for Charity Accountability](#), Wise Giving Alliance, Better Business Bureau, 2003.
- Wise Giving Alliance – part of the Better Business Bureau. The Alliance reports on nationally [soliciting](#) charitable organizations that are the subject of donor inquiries.

Practice 5B: Accountability to Donors

- The land trust is accountable to its donors and provides written acknowledgement of gifts as required by law, ensures that donor funds are used as specified, keeps accurate records, honors donor privacy concerns and advises donors to seek independent legal and financial advice for substantial gifts.
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Strong relationships with donors are crucial to the land trust's fundraising success. Land trusts are accountable to their donors for how donated funds are spent. Thorough record-keeping practices are integral to donor accountability. This practice includes a reminder that federal law contains gift substantiation requirements (for gifts greater than \$250). Land trust solicitations must specify for what purpose funds are being raised, and then the funds must be used for that purpose. Likewise, donor-restricted funds must be used for the purposes indicated by the donor. Substantial gifts of cash or other assets can have significant tax and legal consequences for the donor; thus it is prudent for the land trust to advise potential donors to consult their attorney and financial advisor when considering such gifts.

Honoring the Donor

The land trust's relationship with its donors is critically important to the credibility and sustainability of the organization. [Independent Sector](#), in its [Statement of Values and Code of Ethics for Nonprofit Philanthropic Organizations](#), has several suggestions for respecting the donor. Its code states:

In raising funds from the public, organizations will respect the rights of donors, as follows:

- To be informed of the mission of the organization, the way the resources will be used and their capacity to use donations effectively for their intended purposes;
- To be informed of the identity of those serving on the organization's governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities;
- To have access to the organization's most recent financial reports;
- To be assured their gifts will be used for the purposes for which they were given;
- To receive appropriate acknowledgement and recognition;
- To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by the law;
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature;
- To be informed whether those seeking donations are volunteers,

- employees of the organization or hired solicitors;
- To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share; and,
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

How Much Is Deductible?

A charitable gift can only be considered a deductible contribution when it is given with no anticipation of receiving—or commitment to receive—something of substantial value in return. It must be, in fact, a gift.

In recent years, the IRS and Congress have become concerned that 501(c)(3) organizations are not adequately informing their donors about the portion of the donation that can be legally deducted. As a result, taxpayers have taken deductions in excess of what the law allows. To remedy that problem, the IRS now requires that 501(c)(3) organizations establish the fair market value of those benefits (except those considered to be of “insubstantial value,” discussed below) and advise potential donors about the extent of a gift’s deductibility in their fundraising materials or solicitations.

Many organizations previously used phrases such as “fully deductible to the extent permitted by law”, to notify donors that the full amount of their contribution might not be deductible. The IRS no longer considers such phrases to be adequate.

If a donor makes a “quid pro quo” contribution (a payment to a charitable organization that is made partly in consideration for goods or services furnished to the donor by the organization and partly as a contribution to the organization), the donor can deduct only that portion of the contribution that exceeds the fair market value of a premium or other substantial benefit received.

Defining “fair market value”

“Fair market value” is defined as the amount the item would be worth if it were sold to the general public; fair market value is *not* the cost to the charity to obtain that item. For example, membership dues are deductible to the extent that they exceed the fair market value of substantial membership benefits. If a land trust charged an annual \$30 membership fee—but provided members with a glossy, color nature calendar that is available to nonmembers for \$10—only \$20 of the membership fee would be deductible.

Similarly, if the trust held an annual dinner and dance for which it charged \$150—and the fair market value of the dinner and dance is determined to be \$100 based on prices for a similar evening at the same hotel—the donor may deduct \$50.

Exceptions for insubstantial benefits

Certain benefits are considered by the IRS to be of “insubstantial value” and thus do not reduce the donor’s allowable deduction. To qualify for this exception, the contribution

must have been made in the context of a fundraising campaign in which the organization informed potential donors how much of their payment would be a deductible contribution. In addition, one of the following criteria must be met:

- **Basic maximums.** The premium's fair market value does not exceed 2 percent of the payment or \$79 (in 2003; this figure is adjusted annually by the IRS to account for inflation.), whichever is less.
- **Token items.** The payment is \$34.50 (in 1997) or more and the only benefits received in connection with it are "token items" (bookmarks, calendars, mugs, posters, t-shirts, etc.) bearing the organization's name or logo and costing less than \$8.00 (in 2003). Note that in this case the IRS allows the charity to use the *cost* to it of the item, not its fair market value.
- **Noncommercial newsletters.** The benefit is a newsletter that is not of commercial quality. "Commercial quality" is determined by such tests as whether a publication pays for articles, accepts paid advertising, appears on newsstands, etc.

In addition, certain membership benefits provided in return for an annual payment of \$75 or less are disregarded. They may include free or discounted admission to the organization's facilities or events, free or discounted parking, preferred access to goods or services, and discounts on the purchase of goods or services.

However, even when the benefits received are determined to be insubstantial, organizations must provide the following statements to donors:

Under IRS guidelines, the estimated value of [*insert the benefits received*] is not substantial; therefore, the full amount of your payment is a deductible contribution.

Disclosure for "quid pro quo" contributions

The law requires land trusts and other charitable organizations to provide a disclosure statement to donors who make a "quid pro quo" contribution in excess of \$75. To comply with this requirement, land trusts must:

- Inform the donor that the deductible amount of the contribution is limited to the amount of the payment that exceeds the value of the goods or services provided.
- Provide a good faith estimate of the value of those goods or services. This estimate should be based on an estimate of the fair market value of the goods or services, not the land trust's cost of providing them.
- Make the disclosure in a manner that is reasonably likely to come to the attention of the donor. Statements in very small print might not meet the requirement.

The statement may be provided in connection with soliciting the gift or upon its receipt.

However, for gifts of \$250 or more (discussed below), the statement must be included with the written substantiation of the gift.

A charity that fails to comply can be fined \$10 per contribution, with a cap of \$5,000 per fundraising mailing or event.

Nondeductibility of Raffle Tickets, Etc.

Many land trusts do not realize that payments that provide the donor just an *opportunity* to acquire something of value are not gifts. According to *How Much is Really Tax Deductible?*, published by the Independent Sector:

The IRS position is that no part of any payment for raffle, lottery, bingo game admission, or auction tickets, or admission tickets that make the donor eligible for a door prize is deductible, whether the donor “wins” or not. However, if the price of the individual ticket exceeds the fair market value of the item, the excess may be deductible. Donors making such contributions that carry a “chance” to acquire something of value—the opportunity to win a prize—are presumed by the IRS to have received full market value for their payments.

Substantiating How Funds Are Spent

Organizations use several approaches to help substantiate that they have spent funds for the purposes for which they were raised.

- **Financial statements.** As mentioned in standard 6, financial statements that clearly break out program expenditures are one tool for substantiating the use of funds from year to year. Land trusts should keep accurate records so that they can report to donors.
- **Thank you letters.** Land trusts should acknowledge gifts and thank the donors promptly. The acknowledgement should identify the amount received and reiterate the purpose for which it is to be used. This simple procedure documents, for both the land trust and the donor, the receipt of the funds and intention to use them as specified.

Thank you letters sent at other times of the year—for example, when a project is completed or at year’s end—provide another opportunity to communicate with donors about how their money was spent. Jerry Huntsinger, a direct mail veteran, advises:

The charity should be as objective and accurate as possible in reporting to donors exactly how it has used the money that has been raised. This kind of dialogue with the donor increases the average gift and tends to hold the donor for a longer period of time.

Substantiating Gifts of \$250 or More

By law, donors must have written substantiation of gifts with a value of \$250 or more in order to qualify for a charitable deduction. While this is a requirement placed on the *donor*, not the donee, as a practical matter land trusts should provide donors with written documentation of their gifts and should inform them that they must retain this documentation to qualify for a deduction.

- The documentation may be provided when the gift is made or on a periodic basis (such as in an annual statement), but the donor must have the documentation before his or her tax return is filed.
- The documentation may be in the form of a letter, postcard or computer-generated receipt, but it must be written.
- The notice must include the donor's name and address. For cash gifts, it also must specify the dollar amount. For non-cash gifts, including land and conservation easements, it must describe the gift, but *no estimate of value is required*.
- The notice must include a description and good-faith estimate of the value of any goods or services provided in exchange for the contribution. If the donor received nothing in return for the contribution, the notice must say so.

The requirement applies to separate payments of \$250 or more; payments will not be aggregated for the purposes of applying the \$250 threshold unless there is evidence of an abuse. There are no legal penalties on the donee for failure to issue such a notice. However, a charitable organization that knowingly provides false written substantiation is subject to penalties for aiding and abetting an understatement of tax liability. Land trusts must also adhere to requirements for qualified appraisals and filing of [Form 8283](#) for non-cash gifts of \$5,000 or more. (See practice 10D for more on Form 8283.)

Also note that the legislative history to the substantiation requirement for gifts of \$250 or more does not expressly provide an exception allowing the charity to disregard token and insubstantial goods or services.

In the recent past, the IRS has targeted for audit those groups that have come to its attention as possibly misleading, or not properly informing, their donors about deductibility. It is important for land trusts to be sure to comply.

Links to Helpful Resources and Publications

- [Independent Sector](#) – committed to strengthening, empowering and partnering with nonprofit and philanthropic organizations in their work on behalf of the public good.
- [IRS Form 8283](#) – Noncash Charitable Contributions
- [Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations](#), Independent Sector, 2004.

Practice 5C: Accurate Representations

- All representations made in promotional, fundraising, and other public information materials are accurate and not misleading with respect to the organization's accomplishments, activities and intended use of funds. All funds are spent for the purpose(s) identified in the solicitation or as directed in writing by the donor.
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Accurate representations are a basic rule of ethical fundraising. For prospective donors to make a well-informed decision about which organizations to support and how much to contribute, they need clear and accurate information about the organization's purposes and about the specific activities for which funds are being requested. In turn, land trusts need to spend those funds for those purposes the organization has identified. Land trusts should not be misleading with respect to their involvement in any project.

Representations

According to the [Wise Giving Alliance](#), “a fund raising appeal is often the only contact a donor has with a charity and may be the sole impetus for giving.” Its standards emphasize that solicitation and information materials be “accurate, truthful, and not misleading, both in whole and in part.”

Providing detailed, factual information also generally enhances an organization's fundraising success. Such details give potential donors a clearer understanding of the land trust's effort; at the same time they inspire more confidence in the organization. As one veteran direct mail consultant points out, when an organization can provide “a complete and adequate description of the work, such detail makes for more persuasive copy.”

The following specific guidelines are gathered from fundraising experts and the standards of the Wise Giving Alliance.

Accuracy and completeness

- **Don't exaggerate accomplishments.** A land trust should not make exaggerated claims about what it has accomplished in the past or its role in a project.
- **Avoid fictionalized cases.** In general, land trusts should not use fictionalized or composite stories or case histories unless they are representative of the situation and unless the land trust indicates that the facts have been changed.
- **Provide the opportunity to obtain additional information.** The standards suggest that if time or space limitations prevent inclusion of sufficient detail, the organization should identify a source for more written information.

Representations about activities/uses of funds

- **Don't over-promise.** Land trusts should not make exaggerated claims about what the organization will accomplish in the future with the aid of the donor's gift.
- **Describe solutions as well as problems.** Materials should not describe an issue, problem, or need while failing to clearly describe the programs or activities for which funds are being requested.
- **Specify whether funds are restricted or general operating.** Land trusts should be clear about whether funds will be used for general purposes or restricted projects. Membership appeals or other campaigns for general support should indicate that the contribution will go to aid the general operations of the land trust. Appeals for special projects should explicitly describe the project.
- **Consistency with financial statements.** Be careful about the financial information included in an appeal. A land trust should be sure such statements can be backed up by figures in its financial statements or budget.
- **Budget should reflect fundraising need.** Because budgets deal with projected expenditures, they are an especially important tool for helping to substantiate how the land trust intends to use funds it has raised. The Wise Giving Alliance standards state that budgets should clearly identify programs mentioned in appeals and their projected expenditures.

Representations about donor's obligations

- **Unordered items and surveys.** A land trust should not send unordered items or merchandise with an appeal unless it clearly specifies that they are gifts and that the recipient is under no obligation to pay for or return them. Similarly, if the land trust uses a survey as a fundraising device, it should clearly indicate that the recipient has no obligation to return it.

Use of Funds as Specified

Land trusts need to specify what funds are being raised for, and then use the funding for that purpose. Problems can arise, however, in situations such as the following:

- The land trust has a fundraising target to buy a piece of land, and either falls short of the goal and is unable to complete the project, or exceeds the goal and has surplus contributions on hand.
- A donor wants to make a contribution, restricted for a purpose that does not fit with the land trust's goals, objectives, or programs at the time.

Land trusts can deal with these potential issues constructively, as shown in the following

examples.

Dealing with Potential Surpluses and Shortfalls

- **Surpluses.** If the land trust is raising funds for a restricted purpose and only needs a certain amount to accomplish its goal, it can specify what will happen to any surplus. For example, some land trusts indicate in their solicitations that any funds raised in excess of those needed to acquire a particular piece of property will go into a fund to maintain that land or develop its recreation potential.
- **Matching funds.** Similarly, if the trust is raising funds to meet a match (in which, for example, every dollar given will be matched, and thereby doubled), it should indicate the total that must be raised to meet the match and what will happen to donations received in excess of that.
- **Shortfalls.** In the event that a match is not met, or a goal for property acquisition is not reached, some land trusts offer donors the choice of allowing the land trust to apply the funds to the organization's other work or of having their contributions returned. (This approach works best if the land trust is dealing with a limited number of donors, rather than with a mass solicitation.)
- **Pledges.** If a land trust is really unsure of its ability to raise sufficient funds to go ahead with a project and needs to test the waters, it can ask for pledges, rather than outright donations. For example, a trust that needs to raise \$1 million within a fairly short period to buy a threatened parcel might collect binding written pledges of contributions, with the understanding that the trust will call in the pledges only if it is clear that the trust will make its goal. This keeps the land trust from getting into the difficult position of raising money for a promised project that might not materialize.
- **Break the project into pieces.** If there is a real risk of not being able to raise the funds needed for a large property, the land trust might break the project into more manageable units. Rather than trying to raise \$1 million to buy 300 acres, for example—and risking the possibility of not being able to follow through on that promise—the land trust might break the campaign into three 100-acre parcels if there are sufficient conservation values on each parcel. As funds are raised for each 100-acre section, the trust moves on to the next phase of the campaign. These multiple deadlines can also serve as incentives to donors.

Ultimately, if the land trust finds itself with money raised for a particular purpose and is unable to use it for that purpose, it should ask the donor for permission to use the money for another purpose. Donors rarely want their money returned, but a land trust should be prepared to do so if necessary.

Donor-Restricted Gifts

Along with spending funds for purposes the organization has identified, trusts are often faced with the issue of whether or not to accept funds (or land) for purposes that a particular donor specifies. Problems arise when the donor wishes to make a gift for a purpose that would deflect the land trust from its mission, or—in the case of land donations—of parcels that do not line up with the trust’s priorities or meet its standards.

The land trust needs to consider whether it really will use the money or land donation as the donor intends. If not, the land trust should explore what the donor wants to accomplish through the gift, while at the same time helping the donor to better understand the land trust’s mission and programs. Through this process, the land trust and the donor may arrive at a mutually agreeable way to redirect the gift. However, if the land trust cannot honor the donor’s wishes, it should refuse the gift. It is more important for the land trust to adhere to its mission and retain the giving community’s trust than to bring in any one gift—even a substantial one—that may jeopardize the mission or the public’s trust.

(See practice 8B for further discussion of turning down gifts of land or easements.)

Links to Helpful Resources and Publications

- [Standards for Charity Accountability](#), Wise Giving Alliance, Better Business Bureau, 2003.
- [Wise Giving Alliance](#) – part of the Better Business Bureau. The Alliance reports on nationally soliciting charitable organizations that are the subject of donor inquiries.

Practice 5D: Marketing Agreements

- Prior to entering into an agreement to allow commercial entities to use the land trust's logo, name or properties, the land trust determines that these agreements will not impair the credibility of the land trust. The land trust and commercial entity publicly disclose how the land trust benefits from the sale of the commercial entity's products or services.
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Occasionally, a land trust may enter into a marketing agreement that allows the organization's name, land or logo to be used by a commercial entity in return for financial support (for instance, when a land trust's logo is used on a commercial product and a portion of the income from the sale of that product is then given to the land trust). This is an area that is regulated by federal law and addressed by the [Wise Giving Alliance](#). The practice suggests that these agreements be approached cautiously, that the activity not impair the credibility of the land trust and that any financial benefit to the land trust be clearly disclosed to the public.

Credibility and Public Disclosure

Land trusts frequently seek new ways to secure funds. Entering into marketing agreements with businesses may provide much needed revenue. These agreements, however, could impair the credibility of the land trust—if the public questions the connection between the land trust and the commercial product, or if there is no information available on how the land trust actually benefits from the commercial relationship.

An organization that is considering this type of marketing arrangement should engage its board in a discussion of how the agreement will benefit the land trust and determine that it will not impair the credibility of the organization.

The Wise Giving Alliance has clear recommendations on these types of arrangements. They recommend that the organization:

Clearly disclose how the charity benefits from the sale of products or services (i.e., cause-related marketing) that state or imply that a charity will benefit from a consumer sale or transaction. Such promotions should disclose, at the point of solicitation:

- (a) the actual or anticipated portion of the purchase price that will benefit the charity (e.g., 5 cents will be contributed to abc charity for every xyz company product sold),
- (b) the duration of the campaign (e.g., the month of October),
- (c) any maximum or guaranteed minimum contribution amount (e.g., up to a

maximum of \$200,000.

Links to Helpful Resources

- [Wise Giving Alliance](#) – part of the Better Business Bureau. The Alliance reports on nationally soliciting charitable organizations that are the subject of donor inquiries.

Helpful Publications

- *Cause Marketing*. Joe Marconi. Dearborn Trade Publishing, a Kaplan Professional Company, Chicago, Illinois, 2002.

Sample Land Trust Policies

- The Nature Conservancy
 - [Cause-Related Marketing – Acceptance and Minimums](#)
 - [Cause-Related Marketing – Evaluating Potential Agreements](#)
 - [Cause-Related Marketing – Licensing Disclosure Language](#)
 - [Cause-Related Marketing – No Endorsements of Partners](#)
 - [Licensing of Merchandise](#)
 - [Use of the Name and Logo by Outside Parties](#)

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