



Philanthropy Advisors, LLC

PHILANTHROPY MATTERS

How Can Major Gifts Go Wrong?

Goldman Sachs has recently re-published a helpful report on making large charitable gifts, which prompts me to return to this issue once again.

In our work, we see donors often making serious errors when making major gifts. These errors can end up undercutting—if not damaging—the intent of their gift, particularly over the long term. Indeed, the larger the gift, the more damage these mistakes can make.



Today, most donors are inclined to attach extensive restrictions on the use of a major gift. We find in our work that smart donors find a balance between no restrictions and too many. Just as the media is full of stories of unrestricted gifts being used for things a donor may not approve of,^[1] there are also stories of extensive restrictions leading to difficult, if not impossible, situations.^[2]

Here are four good guidelines when contemplating a major gift:

- Use a gift agreement drafted by your advisors, not the agreement offered by the charity.
- Specify how any unused funds will be managed if, for example, the project you are supporting comes in under budget.

- If you are considering a naming gift, consider putting a time limit on the naming right.
- Consider whether your gift should also include support for operations and/or endowment.

Mark Neithercut

[1] Garth Brooks, for example. <https://www.nytimes.com/2014/11/07/giving/when-a-donation-steers-off-course.html>

[2] The Barnes Collection, for example. <https://www.philanthropyroundtable.org/magazine/outsmarting-albert-barnes/>

For more on this see
10 Rules Every Major Donor Should Know ▶

RESOURCES

- ▶ **How to Make a Major Gift.** The Goldman Sachs article referenced above. It include some insight from Mark Neithercut as well as other philanthropy advisors.
- ▶ From the case study archives, **Should I make this gift?**
- ▶ **Pitfalls of a naming gift.** Another case study that describes other issues for a donor's consideration.

FIRM NEWS

- ▶ **Renee Sovis** has been promoted to Program Officer. She manages our work for the Margaret Dunning Foundation.
- ▶ Since our last newsletter, we have completed projects with the Donald R. and Esther Simon Foundation and the Ralph L. and Winifred E. Polk Foundation.
- ▶ In the last year, we have had several articles published in the *Family Foundation*

Advisor.

- **Is Perpetuity Too Long? Family Foundations Can Increase Impact With Sunset Dates**
 - **Advising the Family Foundation: Six Case Studies**
 - **Thinking about Site Visits? Some Tips and Nine Site Visits Case Studies**
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