

Stewardship and Development

Copyright © 2005 by the National Spiritual Assembly
of the Bahá'ís of the United States.

All Rights Reserved.

Cover photograph by Sharone Burris reprinted by permission.
Originally published in *World Order*, 28.2 (Winter 1996–97): 47.

Contents

1. First Principles	3
Giving Is a Spiritual Privilege that Will Change the World	3
Every Bahá'í Can Give	5
What Does Sacrifice Mean?	7
Material Resources and the Kingdom of God.....	10
Why Everyone Needs to Know About the Fund	11
Giving and Entry by Troops	12
2. The Treasurer and the Assembly	17
The Treasury Is the Responsibility of the Entire Assembly	17
Building Flourishing Communities	17
Assistance for the Treasurer	22
Confidentiality of Information	23
The Treasurer As Educator	24
The Treasurer As Advisor	26
The Treasurer As Inspirer	28
Appeal or Solicitation?	29
Does Guilt Increase Contributions?	30
Young Believers Can Give, Too!	31
Talks 'Abdu'l-Bahá Delivered in New York	36
"Wealth & Poverty" Discussion Questions.....	38
3. The Bahá'í Funds	41
Which Fund Do I Support?	41
Believers' Discretion in Giving	41
Earmarking and Accounting for Earmarked Contributions	42
Achieving the Greatest Good	46
Priorities in Giving	46
Bahá'í International Fund	47
Continental Bahá'í Fund.....	47
Giving to the International Funds	48
The National Bahá'í Fund	49

Giving to the National Bahá'í Fund	49
The Local Bahá'í Fund	50
Giving to the Local Bahá'í Fund	50
A Note About Bahá'í Identification (BID) Numbers	50
ACS Subscriptions	50
Deputization	51
4. Fund-raising and Planned Giving	55
Fund-raising is About Relationships and the Heart	55
Focusing Communications	58
There Are Different Kinds of Money	59
Special Events and Campaigns	61
Saying Thank You	64
The Professionals and the General Public	65
Fundraiser Feasibility Chart.....	66
Estate Planning	66
Preparation of a Will	67
Bequests.....	67
Planned Giving.....	69
Estate Planning and Planned Giving Resources	
from the Office of the Treasurer	70
“The Writing of a Will”	73
5. Budgets, Goals, and Audits	83
Preparing a Budget	83
Automatic Contribution System.....	86
Community Honor Roll	86
Communicating Goals to the Community	87
Contributions In Honor and In Memory	87
The Annual Audit	87
ACS Enrollment Form.....	90
Budget Worksheet	91
Financial Report to the National Spiritual Assembly	92
In Honor Form	93
In Memory Form	94
Heart Chart	95
My Diary of Giving and Growing	96
Form SS-4	98
Liability Insurance Information	107
Liability Insurance Request Form	109
Audit Procedures.....	111
Sample Audit Report	123
6. Accounting Matters	127
Treasurer’s Basics	127
Getting Started	127
Receiving Offerings from the Friends	129
Putting the Fund to Use	136
A Larger Community has More Complex Needs	137

How to Use a Cash Journal	138
Making Reports	146
Keeping Records	150
National Bahá'í Fund Contribution Forms	152
7. Local Bahá'í Centers	155
A Complex Issue	156
Building Flourishing Communities	156
Bahá'í Center Checklist	157
Unity Issues	157
Planning for Growth and Development	160
Financial Considerations	163
Legal Matters and Insurance for Your Center	166
Technical Issues and Center Management	167
Reporting to the National Spiritual Assembly	169
Appendix A: The Right of God	173
Supplement to the Compilation on the Huqúqu'lláh	174
Appendix B: Changes in United States Tax Regulations	181
Publication 526 – Charitable Contributions	185
Publication 561 – Determining the Value of Donated Property ..	205
Form 8282 – Donee Information Return	217
Form 8283 – Noncash Charitable Contributions	219
Appendix C: Investment Policy	225
Introduction and Purpose	225
Responsibilities of the National Spiritual Assembly	226
Responsibilities of the Treasurer's Office	227
Responsibilities of the Investment Manager	229
Short Term Portfolio Composition and Cash Flow Management	231
Longer Term Portfolio Composition and Investment Objectives	234
Appendix D: Banking Relationship Policy	243
Purpose	243
Responsibility	243
Banking Relationship Objectives	244
Relationship Philosophy	244
Maintenance and Use of Credit Facilities for Operations	244
Credit Facilities for Long-Term Funding Requirements	245
Non-Credit Banking Services	245
Control of Line of Credit and Accounts	246
Exceptions and Review	246
Appendix E: Bibliography	247
Index	251

Introduction

The second edition of this expandable manual is intended to serve two important functions. As a *deepening tool*, this manual provides an invaluable benefit to the friends as they gain more knowledge and a deeper understanding and appreciation for the spiritual nature of giving. As a *reference tool*, it is meant to be read and used by both the Spiritual Assembly or registered Bahá'í Group (the principal trustee of the Funds of the Faith) and by the Treasurer, to whom certain tasks and responsibilities have been delegated by the Assembly. The Spiritual Assembly or Group needs to know enough about these matters to ensure that its trust is being well cared for. The Treasurer needs deep and detailed knowledge in order to discharge that trust.

The first publication of its kind in the US since the late 1970s, *Stewardship and Development* includes a more in-depth treatment of the spiritual foundations of the Fund, and accounting methods that are basic to management of the Treasury. There are several passages here that have not been published elsewhere, as well as a discussion of the techniques used in the larger community to raise funds for worthy purposes. The National Spiritual Assembly's hope is that this document will be steadily expanded as new issues arise, and that it will assist the friends for some time to come.

From the principles and teachings at the core of the relationships we seek to build to the simple accounting methods and sample forms, this manual is offered as a contribution to our understanding of the role of money and material means in performing our service to the Cause and in fulfilling our most cherished hopes for earning God's good-pleasure.

NATIONAL SPIRITUAL ASSEMBLY OF
THE BAHÁ'ÍS OF THE UNITED STATES

OFFICE OF THE TREASURER
AUGUST, 1999

Strive, therefore, to create love in the hearts
in order that they may become glowing and radiant.

When that love is shining, it will permeate other hearts
even as this electric light illumines its surroundings.

When the love of God is established,
everything else will be realized.

This is the true foundation of all economics.

Reflect upon it.

— *‘Abdu’l-Bahá*

1. First Principles

There are several spiritual principles that guide our stewardship of the Faith's material resources. This first section looks at those principles and at different aspects of the privilege and duty each individual, Spiritual Assembly or Registered Group and Treasurer share in this vital field of service.

Let's begin at the beginning, with matters of the spirit.

Giving Is a Spiritual Privilege that Will Change the World

Principle

“Giving to the Fund, therefore, is a spiritual privilege, not open to those who have not accepted Bahá'u'lláh, of which no believer should deny himself. It is both a responsibility and a source of bounty. This is an aspect of the Cause which, we feel, is an essential part of the basic teaching and deepening of new believers. The importance of contributing resides in the degree of sacrifice of the giver, the spirit of devotion with which the contribution is made and the unity of the friends in this service; these attract the confirmations of God and enhance the dignity and self-respect of the individuals and the community.”

FROM A LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO ALL NATIONAL SPIRITUAL ASSEMBLIES,
AUGUST 7, 1985 - *LIGHTS OF GUIDANCE*, p. 252

“There is a profound aspect to the relationship between a believer and the Fund, which holds true irrespective of his or her economic condition. When a human soul accepts Bahá'u'lláh as the Manifestation of God for this age and enters into the divine Covenant, that soul should progressively bring his or her whole life into harmony with the divine purpose - he becomes a co-worker in the Cause of God and receives the bounty of being permitted to devote his material possessions, no matter how meagre, to the work of the Faith.”

IBID

Living the Life

“The great thing is to ‘live the life’—to have our lives so saturated with the Divine teachings and the Bahá'í Spirit that people cannot fail to see a joy, a

power, a love, a purity, a radiance, an efficiency in our character and work that will distinguish us from worldly-minded people and make people wonder what is the secret of this new life in us.”

ON BEHALF OF SHOGHI EFFENDI, *LIVING THE LIFE: A COMPILATION*, p. 9

Why Do We Give to the Faith?

“. . . our contributions to the Faith are the surest way of lifting once and for all time the burden of hunger and misery from mankind, for it is only through the system of Bahá’u’lláh—Divine in origin—that the world can be gotten on its feet and want, fear, hunger, war, etc., be eliminated. Non-Bahá’ís cannot contribute to our work or do it for us; so really our first obligation is to support our own teaching work as this will lead to the healing of the nations.”

FROM A LETTER DATED 12/8/1947, WRITTEN ON BEHALF OF SHOGHI EFFENDI TO AN INDIVIDUAL BELIEVER, PUBLISHED IN *BAHÁ’Í NEWS*, #210 AUG. 1948, p. 3

“The more we study the present condition of the world, the more deeply we become convinced that there just cannot be any way out of its problems except the way of God, as given by Him, through Bahá’u’lláh. The early Persian Bahá’ís gave their lives for the Cause; the Western believers have been spared this necessity, but their comfort, to some extent, they must sacrifice if they are going to discharge their moral obligation to a tortured humanity, and bring to it the message of the Father. Once the friends start out to win the goals set in their Plan, they will find the Divine confirmation sustaining them and hastening its consummation.”

SHOGHI EFFENDI, *UNFOLDING DESTINY*, pp. 177–178

Heroic Deeds of Service

“We look to the members of the Bahá’í community in the United States to perform, during the Four Year Plan, heroic deeds of service to the Cause, which will astonish and inspire their fellow-believers throughout the world.”

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN 153 MESSAGE TO NORTH AMERICA

Our Inescapable Responsibility

“On the members of the American Bahá’í Community, the envied custodians of a Divine Plan, the principal builders and defenders of a mighty Order and the recognized champions of an unspeakably glorious and precious Faith, a peculiar and inescapable responsibility must necessarily rest. Through their courage, their self-abnegation, their fortitude and their perseverance; through the range and quality of their achievements, the depth of their consecration, their initiative and resourcefulness, their organizing ability, their readiness and capacity to lend their assistance to less privileged sister communities struggling against heavy odds; through their generous and sustained response to the enormous and ever-increasing financial needs of a world-encompassing, decade-long and admittedly strenuous enterprise, they must, beyond

the shadow of a doubt, vindicate their right to the leadership of this World Crusade.”

SHOGHI EFFENDI, *CITADEL OF FAITH*, PP. 120–121

“At this critical hour in the fortunes of humanity, our eyes turn with eagerness and hope to the Bahá’ís of all parts of North America, who constitute a reservoir of human and material resources unmatched elsewhere in the Bahá’í world.”

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN 153 MESSAGE TO NORTH AMERICA

Discussions and other methods might be devised to explore these and other questions:

- What might the Local Spiritual Assembly and the Treasurer do in relation to this principle to highlight the friends’ sense of privilege and the spiritual effects of giving?
- What current events concern the friends and how will the administrative order develop to change the course of such events for the better?
- What does it mean in your local community that we “constitute a reservoir of human and material resources unmatched elsewhere in the Bahá’í world”?
- What might your local community do to respond to the “eagerness and hope” of the Universal House of Justice? What benefit might there be for the friends in their community life? Family life? Teaching work?

Application

Every Bahá’í Can Give

Principle

Spiritual Progress Depends on Giving

“. . . Every Bahá’í, no matter how poor, must realize what a grave responsibility he has to shoulder in this connection, and should have confidence that his spiritual progress as a believer in the World Order of Bahá’u’lláh will largely depend upon the measure in which he proves, in deeds, his readiness to support materially the Divine institutions of his Faith.”

FROM LETTER WRITTEN ON BEHALF OF SHOGHI EFFENDI TO THE NATIONAL SPIRITUAL ASSEMBLY OF INDIA, JULY 17, 1937; FROM A COMPILATION OF THE GUARDIAN’S LETTERS ON THE BAHÁ’Í FUNDS AND CONTRIBUTIONS, JANUARY 1970, P. 6 (*LIGHTS OF GUIDANCE*, P. 249)

Occasionally letters to the National Spiritual Assembly from friends reflect the following statement: “My income has dropped so much that I can’t give right now.” Usually further conversation yields the real reason: the writer feels embarrassed at being able to only give a small amount. In the Faith, though, we believe that a penny given with love earns God’s good pleasure. We believe that if we all give, together we can change the world—this is the concept of *universal participation*.

Universal participation seems to have become something of a cliché in our community. It is, however, a central concept to all we are trying to do because it is derived from the most basic principle of Bahá'u'lláh's Teachings: unity. When our participation is universal in all areas of service to the Faith, including giving, then the real power of unity can be brought to bear on mankind's problems. Universal participation also means that we have been successful in building strong relationships between and among the various actors in the drama of Bahá'í community development: individual, institution and community.

“As the activities of the American Bahá'í community expand . . . the institution of the National Fund . . . acquires added importance, and should be increasingly supported by the entire body of believers, both in their individual capacities, and through their collective efforts, whether organized as groups or as local Assemblies.”

JULY 1935 TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES AND CANADA,
PUBLISHED IN “BAHÁ'Í NEWS” 95 (OCTOBER 1935), P. 1 (IN THE HANDWRITING OF SHOGHI
EFFENDI, APPENDED TO THE ABOVE LETTER)

See how the Universal House of Justice calls us to this standard in the context of giving:

“In addition to teaching, every believer can pray. Every believer can strive to make his ‘own inner life and private character mirror forth in their manifold aspects the splendor of those eternal principles proclaimed by Bahá'u'lláh.’ *Every believer can contribute to the Fund.* Not all believers can give public talks, not all are called upon to serve on administrative institutions. But all can pray, fight their own spiritual battles, and contribute to the Fund. If every believer will carry out these sacred duties, we shall be astonished at the accession of power which will result to the whole body, and which in its turn will give rise to further growth and the showering of greater blessings on all of us.”

THE UNIVERSAL HOUSE OF JUSTICE, *WELLSPRING OF GUIDANCE*, P. 39 (ITALICS ADDED)

“The unity of the believers, rich and poor alike, in their support of the Fund will be a source of spiritual confirmations far beyond our capacity to envisage.”

THE UNIVERSAL HOUSE OF JUSTICE, SEPTEMBER 17, 1992

A Service Every Believer Can Render

“. . . Contributing to the Fund is a service that every believer can render, be he poor or wealthy; for this is a spiritual responsibility in which the amount given is not important. It is the degree of the sacrifice of the giver, the love with which he makes his gift, and the unity of all the friends in this service which bring spiritual confirmations. . .

“Much of the present rapid expansion of the Faith is taking place in areas of great poverty where the believers, however much they sacrifice, cannot produce sufficient funds to sustain the work. It is these very areas which are the most fruitful in teaching, and a sum of money spent here will produce ten

times—even a hundred times—the results obtainable in other parts of the world. Yet in the past months the Universal House of Justice has had to refuse a number of appeals for assistance from such areas because there just was not enough money in the International Fund.

“It should therefore be the aim of every local and national community to become not only self-supporting, but to expend its funds with such wisdom and economy as to be able to contribute substantially to the Bahá’í International Fund, thus enabling the House of Justice to aid the work in fruitful but impoverished areas, to assist new National Assemblies to start their work, to contribute to major international undertakings. . .”

FROM A LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO BAHÁ’ÍS OF THE EAST AND WEST,
DECEMBER 18, 1963: *WELLSPRING OF GUIDANCE*, PP. 19–20

Commerce, Agriculture and Industries Blessed Many Times

“In brief, O ye friends of God, rest assured that in place of this contribution, your commerce, your agriculture and industries shall be blessed many times. . . .”

‘ABDU’L-BAHÁ TO THE FRIENDS IN THE EAST AND THE WEST: *STAR OF THE WEST*, VOL. VI, NO. 17,
P. 139

The Bahá’í Fund is not about money, it is about love, about relationships, and about obedience to the source of divine guidance. The Local Spiritual Assembly and its Treasurer should therefore not feel bashful in upholding this standard, reminding and encouraging every believer to give, secure in the knowledge that they are promoting the best interests of community and individuals alike.

- Does the community really understand the ideal of universal participation?
- Spark a discussion about the effect on the community’s life if universal participation were a fact
- Consult within the Local Spiritual Assembly on ways and means of securing the participation of every believer in the locality
- How might progress toward full participation be monitored and reported?
- Can you identify obstacles to such full engagement, and devise methods to overcome them?

Application

What Does Sacrifice Mean?

Principle

We have grown to think that sacrifice means pain, deprivation, loss. Its actual meaning is a good deal more inspiring:

sacrifice *n.* **1.** act of making an offering. . . to a deity, in propitiation or worship . . . **3.a.** act of giving up, foregoing or destroying something, esp. something valued or desired, usually for the sake of something else. **b.** that which is given up. [Old French *sacrifice* offering to a god, from Latin *sacrificium*, from *sacer* holy + *facere* to make.]

So sacrifice is about making a thing holy. Here is how the Universal House of Justice uses the word:

“The physical reality of the progress thus far so marvelously realized is proof of an even more profound achievement, namely, the unity of purpose effected throughout our global community in the pursuit of this gigantic, collective enterprise. The intensity of the interest and support it has evoked has expressed itself in an unprecedented outpouring of contributions, reflecting a level of sacrifice that bespeaks the quality of faith and generosity of heart of Bahá’u’lláh’s lovers throughout the planet.”

RIDVÁN 153 MESSAGE TO THE BAHÁ’ÍS OF THE WORLD

God Does Not Ask from Any Soul Except According to His Ability

“. . . God does not ask from any soul except according to his ability. This contribution must come from all cities and villages from all the believers of God . . . whosoever comes with one good act, God will give him tenfold. There is no doubt that the living Lord shall assist and confirm the generous soul.”

‘ABDU’L-BAHÁ TO THE FRIENDS IN THE EAST AND THE WEST: *STAR OF THE WEST*, VOL. VI, NO. 17, p. 139

There Can Be No Limit to One’s Contributions

“. . . There can be no limit to one’s contributions to the national fund. The more one can give the better it is, specially when such offerings necessitate the sacrifice of other wants and desires on the part of the donor. The harder the sacrifice the more meritorious will it be, of course, in the sight of God. For after all it is not so much the quantity of one’s offerings that matters, but rather the measure of deprivation that such offerings entail. . .”

FROM A LETTER OF THE GUARDIAN TO AN INDIVIDUAL BELIEVER, DECEMBER 31, 1935: *LIFE-BLOOD OF THE CAUSE*, p. 10

Believers Alone Have Bounty of Contributing

“The overwhelming majority of the Bahá’ís in the world are poor people, but it is to the believers, and to the believers alone, that Bahá’u’lláh has given the bounty of contributing the material things of this world for the progress of His Faith. It is not the amount of the contribution which is important, but the degree of self-sacrifice that it entails—for it is this that attracts the confirmations of God.”

FROM A LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO ALL NATIONAL SPIRITUAL ASSEMBLIES RECEIVING ASSISTANCE FROM THE BAHÁ’Í INTERNATIONAL FUND, APRIL 13, 1975

We Should Not Incur Debts for Purpose of Contributing to Fund

“Even though Shoghi Effendi would urge every believer to sacrifice as much as possible for the sake of contributing towards the fund of the National Assembly, yet he would discourage the friends to incur debts for that purpose. We are asked to give what we have, not what we do not possess, especially if such an act causes suffering to others. In such matters we should use judgement and wisdom and take into our confidence other devoted Bahá’ís.”

FROM A LETTER WRITTEN ON BEHALF OF THE GUARDIAN, DATED MAY 4, 1932, TO AN INDIVIDUAL BELIEVER: *BAHÁ’Í FUNDS: CONTRIBUTIONS AND ADMINISTRATION*, CANADA, P. 7

Those Who Openly Proclaim Recognition of Bahá’u’lláh Permitted to Contribute

“. . . Since only those who have openly proclaimed their recognition of Bahá’u’lláh are permitted to contribute financially to the establishment of His world order, it is apparent that more, much more, is required from the few now so privileged. Our responsibilities in this field are very great, commensurate indeed with the bounty of being the bearers of the Name of God in this Day.”

FROM THE MESSAGE OF THE UNIVERSAL HOUSE OF JUSTICE TO THE BAHÁ’ÍS OF THE WORLD, RIDVÁN 1966

Should Recipient of Public Charity Contribute to the Bahá’í Fund?

“Concerning your question whether a person is to contribute to the Bahá’í Fund when he obtains his means of livelihood through public charity. Practically this is impossible, for a person who is so dependent upon the community cannot be of much help to others. Generally he does not have sufficient even for himself alone. In principle however, this is a secondary issue. Donations to the Cause are free. It is for every person to judge for himself whether he is in a position to contribute and whether he desires to do it; how he has obtained that sum is immaterial. A poor person may be readier than a rich man in sharing with others, and if he does, his sacrifice would be greater. A rich man’s gift may not be a sacrifice, but a poor man’s is sure to be.”

FROM A LETTER WRITTEN ON BEHALF OF SHOGHI EFFENDI TO AN INDIVIDUAL BELIEVER, MARCH 9, 1932

Champion Builders of Bahá’u’lláh’s World Order

“Now is the time for the dearly-loved members of this community, renowned as the champion builders of Bahá’u’lláh’s rising World Order, to consecrate an increasing measure of the material resources with which they have been so richly blessed to the pressing needs of the Cause of God. In doing so, their sacrifices will attract an even greater measure of divine blessings, and will bring them abiding satisfaction.”

THE UNIVERSAL HOUSE OF JUSTICE, JULY 14, 1989

- Devote a Feast to sacrifice: discussions, dramatizations by youth and adults, storytelling.

Application

- Highlight stories of sacrifice and its benefits in the local newsletter.
- What might sacrifice mean for different individuals? Different ages? Different income levels?

Principle

Material Resources and the Kingdom of God

Every Undertaking Dependent on Material Means

“Bahá’u’lláh has written that, ‘...He who is the Eternal Truth—exalted be His glory—hath made the fulfillment of every undertaking on earth dependent on material means.’ The community of the Greatest Name is in this day embarked upon the mightiest of undertakings destined to give rise to the spiritualization of mankind and the transformation of human society. Its needs should not, and indeed will not, be met only by the contributions from believers resident in those countries now enjoying a relatively high standard of living; rather should every follower of Bahá’u’lláh, undeterred by the meagerness of his material resources, resolve to offer his share for the work of the Faith.”

THE UNIVERSAL HOUSE OF JUSTICE, SEPTEMBER 17, 1992

“Thou hast asked about material means and prayer. Prayer is like the spirit and material means are like the human hand. The spirit operateth through the instrumentality of the hand. Although the one true God is the All-Provider, it is the earth which is the means to supply sustenance. ‘The heaven hath sustenance for you’ but when sustenance is decreed it becometh available, whatever the means may be. When man refuseth to use material means, he is like a thirsty one who seeketh to quench his thirst through means other than water or other liquids. The Almighty Lord is the provider of water, and its maker, and hath decreed that it be used to quench man’s thirst, but its use is dependent upon His Will. If it should not be in conformity with His Will, man is afflicted with a thirst which the oceans cannot quench.”

‘ABDU’L-BAHÁ, *COMPILATION OF COMPILATIONS*, VOL. 2, PP. 231–232

“. . . there is, we believe, a worldwide need for appreciation of this basic principle of our Faith: that contributing to the Fund should constitute an integral part of the spiritual life of every Bahá’í and be regarded as the fulfillment of a fundamental spiritual obligation. In too many countries we have encountered a reluctance among the teachers of the Cause to include, in their presentation of the Teachings, support of the Fund as a natural part of Bahá’í life. In the Kitáb-i-Aqdas, Bahá’u’lláh more than once refers to the necessity for combining spiritual and material means in achieving the purposes of the Faith. Shoghi Effendi, for his part, referred to the Fund as the life-blood of the Cause.”

THE UNIVERSAL HOUSE OF JUSTICE, NOVEMBER 18, 1991

- Have a discussion or deepening about unity as expressed in both spiritual and material aspects of life.
- What are examples of material actions or projects that are spiritual in nature, or have spiritual effects?
- Ask the children and youth to prepare a Feast where the material arrangements are all chosen in order to heighten the spiritual effect on the friends.

Why Everyone Needs to Know About the Fund

The passage above from the Universal House of Justice, in which they say that every Bahá'í can give to the Fund, is the main point. Giving is a spiritual right, a responsibility, an obligation. But is it anything else? What does giving do in the giver's life?

We have guidance to answer those questions, too. Here is one passage in which the Universal House of Justice expands on this theme:

“Contributing to the Bahá'í fund constitutes an act of spiritual discipline which is an intrinsic element of the devotional life of the individual. No believer should be unaware of the privilege of contributing to the advancement of the Cause of God, irrespective of his material circumstances. The practice of giving to the Fund strengthens the connection between the believer and the Cause and enhances his sense of identification with it. Divine confirmations redound upon those who offer a portion of their material resources in a spirit of sacrifice, motivated by their love of the Faith and their desire to assist in its progress.”

THE UNIVERSAL HOUSE OF JUSTICE, SEPTEMBER 17, 1992

So giving is a part of our *devotional* life, and it also strengthens our sense of identification with the Cause. That's very different from a view of the Fund that stresses its financial aspects, or even its role in helping the institutions to function; the House of Justice is reminding us that giving can be like praying, and can have the same sort of effect on our spiritual development.

That same sense is in this passage, which refers specifically to the Right of God but highlights, we think, the spirit of reverence and awe that underlies the important act of giving:

“It seems fitting, then, that the sacred law which enables each one to express his or her personal sense of devotion to God in a profoundly private act of conscience that promotes the common good, which directly connects the individual believer with the Central Institution of the Faith, and which,

above all, ensures to the obedient and the sincere the ineffable grace and abundant blessings of Providence, should. . . be embraced by all who profess their belief in the Supreme Manifestation of God.”

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN MESSAGE, 1991

Often Treasurers are reluctant to make Fund appeals. It also happens that the believers occasionally tell their Assemblies that the Fund has been mentioned too much. Naturally everything has its correct balance, but here is a passage from the Universal House of Justice that has a bearing on these situations:

“As it has already been pointed out . . . it is important for the National Spiritual Assemblies to work out ways and means of creating a sense of belonging in the hearts of the believers. One of the ways this can be done is to bring to their attention the needs of the Fund.

“The National Assembly should neither feel embarrassed nor ashamed in turning to the friends, continuously appealing to them to exemplify their faith and devotion to the Cause by sacrificing for it, and pointing out to them that they will grow spiritually through their acts of self-abnegation, that the fear of poverty should not deter them from sacrificing for the Fund, and that the assistance and bounty of the Source of all good and of all wealth are unfailing and assured.”

THE UNIVERSAL HOUSE OF JUSTICE, LETTER TO A NATIONAL SPIRITUAL ASSEMBLY, FEBRUARY 9, 1967

So take heart: if you and your Local Spiritual Assembly are “continuously” mentioning this vital subject to the friends, you are helping them individually and you are being obedient to the Head of the Faith! Everyone needs to know about giving because it helps them be better Bahá’ís, and that is one of the most important things a Local Spiritual Assembly can do.

- Hold deepening classes for new believers apprising them of the teachings on the Fund and of their privileges as new Bahá’ís.
- How does giving work as part of our devotional life? What does “integral” mean?
- What other ways might, or do, your community and Assembly have to foster that “sense of belonging”?

Application

Principle

Giving and Entry by Troops

We have seen above that the Fund is so important in the development of the community and of our identity as Bahá’ís, that supporting the Fund brings great blessings and protection. Giving, like teaching, is an arena where audacity, perseverance and reliance on divine power are all essential.

Reliance on Bahá'u'lláh Enables Formulation of Audacious Plans

“The progress of the Cause depends upon many factors. . . It is . . . to those factors that are directly the result of the actions of the Bahá'ís that we wish to direct our remarks, because if the Bahá'ís will but do their part—however unpromising the prospect—Bahá'u'lláh is able to open doors and change conditions in ways far beyond our understanding.

“The first [factor] is a greater realization of the power of Bahá'u'lláh to reinforce the efforts of those who serve Him, of His promise to do so, and of the impotence of all our deeds without this divine assistance. Any evaluation of a situation is entirely misleading if it does not take this supreme power into consideration; whereas constant consciousness of dependence upon Him enables the Bahá'ís to formulate audacious plans and confidently carry them through to completion in the face of seemingly insuperable obstacles.

“Armed with this consciousness, the believers should then approach the winning of the goals of the Nine Year Plan with the spirit that will achieve them. This Plan is a stage in the unfoldment of the Divine Plan of 'Abdu'l-Bahá. The achievement of its goals is of the utmost urgency and importance because the followers of Bahá'u'lláh are engaged in a race against time. Mankind is being engulfed in the ruin precipitated by its own folly; the longer we Bahá'ís delay in achieving the tasks that God lays before us, the greater is the suffering of our fellow men. . . The believers should consider the goals, recognize that they are intended to be won, decide what is needed to win them, and then, however hopeless the prospect may seem, set out determinedly to do whatever is needed, confident that Bahá'u'lláh will reinforce them with His Hosts and will open the doors of victory before them.

“These . . . points are closely interlinked, for it is reliance upon Bahá'u'lláh that will enable the friends to pioneer, it is the awareness of the imperative nature of the goals that will inspire them to do so and will guide them to choose their posts, and it is their sacrifice in arising to leave their homes that will call down upon them the divine confirmations and will, through living experience, deepen their love for God, their awareness of His ever-present care and their reliance upon Him in every aspect of their lives.”

THE UNIVERSAL HOUSE OF JUSTICE, LETTER OF JANUARY 11, 1971 TO THE NATIONAL SPIRITUAL ASSEMBLY OF GERMANY

Why would we choose not to tell everybody about the privilege of giving to the fund? But that is just what has happened:

“In too many countries we have encountered a reluctance among the teachers of the Cause to include, in their presentation of the Teachings, support of the Fund as a natural part of Bahá'í life.”

THE UNIVERSAL HOUSE OF JUSTICE, NOVEMBER 18, 1991

What are the implications of not telling new believers, and even seekers, about the Fund?

“A corollary to the sacred obligation of the friends to contribute to the Funds of the Faith, is the direct and unavoidable responsibility of each Local and National Assembly to educate them in the spiritual principles related to Bahá’í contributions. Failure to educate the friends in this aspect of the Faith is tantamount to consciously depriving them of the spiritual benefits accruing from giving in the path of God.”

FROM LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO ALL NATIONAL SPIRITUAL ASSEMBLIES
RECEIVING ASSISTANCE FROM THE BAHÁ’Í INTERNATIONAL FUND, APRIL 13, 1975

- Application**
- There is national survey data that suggests it can be as long as two years before a new Bahá’í makes a contribution to any of the Funds; what can your community do to ensure that your new believers do not wait to give?
 - Is everyone in your community comfortable with teaching others about the Fund? If not, why not?

“. . . it is only evident that unless the flow of donations is regularly maintained by means of generous and continual support by all the believers, individually and collectively, the National Fund will never be able to meet the needs . . . of the Cause.”

3 FEBRUARY 1941 TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES AND CANADA,
PUBLISHED IN “BAHÁ’Í NEWS” 143 (MAY 1941), P. 3

These are some of the central principles in our Teachings regarding the Fund and giving. In several later sections we will return to their application. For now, let us look at the evolving role of the Treasurer and the Local Spiritual Assembly as stewards of the Fund in these challenging times.

Spiritual Assemblies must rise to a new stage
in the exercise of their responsibilities
as channels of divine guidance,
planners of the teaching work,
developers of human resources,
builders of communities,
and loving shepherds of the multitudes . . .

— *The Universal House of Justice*

2. The Treasurer and the Assembly

The Treasury Is the Responsibility of the Entire Assembly

The full membership of the Spiritual Assembly, not the Treasurer alone, has responsibility for the treasury. The Supreme Body wrote:

“The National Spiritual Assembly has the responsibility to ensure that contributions received are properly received, and satisfactory accounts kept of all receipts and disbursements. While the Treasurer normally is the officer in charge of such a sacred obligation, this does not mean that other members are thereby relieved of all responsibility, or are deprived of their right of access to details related to the current operation of the Assembly, in all its aspects.

“Such right and responsibility vested in the individual members of the Assembly do not vitiate the confidentiality of Bahá’í contributions, since the information made available to the Treasurer or other members of the Assembly is to be treated in strict confidence.”

FROM A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, JANUARY 11, 1977

Building Flourishing Communities

Fund an Absolute Necessity

“And as the progress and execution of spiritual activities is dependent and conditioned upon material means, it is of absolute necessity that immediately after the establishment of local as well as national Spiritual Assemblies, a Bahá’í Fund be established, to be placed under the exclusive control of the Spiritual Assembly. . . It is the sacred obligation of every conscientious and

faithful servant of Bahá'u'lláh who desires to see His Cause advance, to contribute freely and generously for the increase of that Fund. The members of the Spiritual Assembly will at their own discretion expend it to promote the Teaching Campaign, to help the needy, to establish educational Bahá'í institutions, to extend in every way possible their sphere of service. I cherish the hope that all the friends, realizing the necessity of this measure, will bestir themselves and contribute, however modestly at first, towards the speedy establishment and the increase of that Fund.”

SHOGHI EFFENDI, *BAHÁ'Í ADMINISTRATION*, pp. 41–42

Assemblies Rise to New Level of Functioning

“For such an expansion to be stimulated and accommodated, the Spiritual Assemblies must rise to a new stage in the exercise of their responsibilities as channels of divine guidance, planners of the teaching work, developers of human resources, builders of communities, and loving shepherds of the multitudes.... Particularly must the progress in the evolution of the institutions be manifest in the multiplication of localities in which the functioning of the Spiritual Assembly enhances the individual believers' capacity to serve the Cause and fosters unified action.”

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN 153 MESSAGE TO THE BAHÁ'ÍS OF THE WORLD

Integration of Community's Component Elements in Action

“As we have said in an earlier message, the flourishing of the community, especially at the local level, demands a significant enhancement in patterns of behavior: those patterns by which the collective expression of the virtues of the individual members and the functioning of the Spiritual Assembly are manifest in the unity and fellowship of the community and the dynamism of its activity and growth. This calls for the integration of the component elements—adults, youth and children—in spiritual, social, educational and administrative activities; and their engagement in local plans of teaching and development...”

IBID

True Spirit of Teaching

“When the true spirit of teaching, which calls for complete dedication, consecration to the noble mission, and living the life, is fulfilled, not only by the individuals, but by the Assemblies also, then the Faith will grow by leaps and bounds.”

ON BEHALF OF SHOGHI EFFENDI, MARCH 19, 1954,
QUOTED IN *PROMOTING ENTRY BY TROOPS*, p. 30

In Envious Position to Provide Mighty Impetus

“You are in a most enviable position to provide a mighty impetus to the teaching work. Through the alertness and perseverance of your institutions and the effect of your exertions, there is now a general awareness of, and respect for, the Cause in your region, and the Faith has acquired a reputation for universality and liberality of thought. Well may you rejoice at this re-

markable achievement, and well may you contemplate the present needs of the Cause with eagerness and confidence.

“Your accomplishments have prepared the way for even more spectacular successes in the years immediately ahead. Now as never before should you strive mightily to free yourselves from the obstacles of apathy, attachment to worldly pursuits, and lethargy, which stand in the way of so glorious a realization. As the people around you yearn increasingly for a society in which rectitude of conduct prevails, which is animated by a nobility of moral behavior, and in which the diverse races are firmly united, your challenge is to demonstrate the efficacy of the Message of Bahá’u’lláh in ministering to their needs and in recreating the very foundation of individual and social life. . . .

“The community of the Greatest Name must increasingly become renowned for its social cohesion, and for the spirit of trust and confidence which distinguishes the relationship between believers and their institutions. In the earliest years of his ministry, the Guardian stated, ‘. . . I hope to see the friends at all times, in every land, and of every shade of thought and character, voluntarily and joyously rallying around their local and in particular their national centers of activity, upholding and promoting their interests with complete unanimity and contentment, with perfect understanding, genuine enthusiasm, and sustained vigor. This indeed is the one joy and yearning of my life, for it is the fountainhead from which all future blessings will flow, the broad foundation upon which the security of the Divine Edifice will ultimately rest.’ Realization of this longing requires that you commit yourselves to the wholehearted support of your institutions.”

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN 153 MESSAGE TO NORTH AMERICA

Reach Every Social Stratum

“Every stratum of society must be brought within your embrace, as you vigorously advance toward the goal of entry by troops at this time when powerful spiritual forces are at work in the hearts of the people. Neither the affluent nor the indigent should be excluded from your purview.”

IBID

Sources of Real Growth in Contributions

“Regarding the established Bahá’í Funds, your efforts to unify national appeals to encourage contributions to all of them, to increase contributions from Local Spiritual Assemblies themselves and to train and develop local Treasurers, are all worthy pursuits. . . . Real growth of your material resources will come about through two primary means: increase in the number of believers, and increase in the effectiveness of the education of the believers concerning their spiritual obligations, among which is financial support of Bahá’í institutions.

“As always, the House of Justice is most grateful for the significant support of the American Bahá’í community to the International Funds and deeply

appreciates your own relentless effort to find ways of increasing that support while at the same attending to the enormous calls upon your National Fund for such major projects as the renovation of the House of Worship and the preservation of the buildings at the Green Acre School. Rest assured of its continued, ardent prayers at the Holy Threshold that the Blessed Beauty may increasingly reward your stewardship.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, LETTER DATED APRIL 26, 1993 TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES

Teach Trustworthiness Through Writings

“The distressing problems of the misuse of funds described in your letter can be resolved in the long run only through a process of loving education of the friends. It is through the dissemination among the believers of appropriate texts from the Writings of the Faith, through carefully prepared articles on this subject based on the holy Texts and published in your newsletter, and through talks at conferences, summer schools and other Bahá’í gatherings, as well as discussions of these fundamental issues with the friends at such meetings, that you will be able to gradually attain your objective.

“It is important for your Assembly, in [the] future, to explain to persons who are entrusted with the money of the Faith that in view of the National Assembly’s obligation to protect Bahá’í funds, the Assembly will hold them responsible for all monies they receive, and they should therefore render proper accounts to the National Spiritual Assembly, be faithful custodians of God’s trust, and be assured that such honesty and faithfulness will be richly rewarded from on High.”

FROM A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, MAY 18, 1980

The General and National Interests of the Cause Take Precedence Over the Local Ones But it May be Expedient to Develop Local Fund First

“The beloved Guardian has explained that the general and national interests of the Cause take precedence over local ones; thus contributions to local funds are secondary to those to national funds. However, the stability of the National Assembly rests on the firmness of the Local Spiritual Assemblies, and in the matter of educating the friends in the importance of the fund, it is often most practical and efficacious to concentrate at first on the development of the local funds and the efficient operation of the Local Spiritual Assemblies. Then, once the friends understand the principle, and learn from experience at the local level, they will then more easily understand the importance of the national fund and the work of the National Spiritual Assembly.”

FROM THE MEMORANDUM OF COMMENTS AND SUGGESTIONS OF THE UNIVERSAL HOUSE OF JUSTICE, OP. CIT. NO. 858 P. 30

Pledges Can be a Useful Means of Encouraging Contributions

“Pledges can be useful as a means of encouraging contributions and of bring-

ing the financial needs of the Cause to the attention of the friends. This method can be particularly helpful in a situation where a Spiritual Assembly has a major task to perform, such as the building of a Ḥaziratu'l-Quds or the establishment of a tutorial school, and needs to have some idea in advance of whether the funds for the project will be available. However, it would be entirely contrary to Bahá'í principles to bring any pressure to bear when calling for pledges or when endeavoring to collect them. Once a pledge has been given it is permissible to remind the donor, privately, of his expressed intention to contribute and to inquire courteously if it would be possible for him to honor his pledge, but Assemblies must be aware that such pledges are not an obligation in any legal sense; their redemption is entirely a matter of conscience. Lists of those making pledges must not be publicized.”

IBID

Development, Supplementing Contributions and Fee-for-Service Enterprises

“You have given much thought to finding other ways of increasing your material resources...It is entirely within the purview of your Assembly to devise wise means for this purpose by adopting methods that rest on a sound basis of fiscal management, one which avoids the snares and pitfalls of entrepreneurial speculation. But, however helpful such methods might be, they should be seen only as providing a supplement to the fundamental source of support for the Funds, namely, the contributions of individual believers offered in the spirit of service and sacrifice to the Cause of God. The foundation of the Funds should be strengthened and sustained principally on the basis of such contributions.

“The House of Justice . . . offers you the following guiding comments on two aspects of the development initiatives you have mentioned:

1. Developing financial service entities. If you decide that it is feasible to proceed with offering basic banking services for the friends, you should make it abundantly clear that they are entirely free to accept or ignore such services. No measure of pressure of any kind should be put on them to comply with your plans. Anyone accepting the services should feel equally free to withdraw his involvement at any time.
2. Creating a network of fee-for-service companies. There can be no doubt that the ability of the Bahá'í community to give tangible expression to its principles will enhance its expansion and consolidation while at the same time providing valuable services to humanity. Your approach should be guided by the understanding that all the teachings of our Faith are a gift from God to which all people are entitled; and our first obligation as Bahá'ís is to present them as effectively as we can without regard for material reward. In a word, the principles of the Faith are not a commodity for sale.

“Where, however, the social application of principles or teachings of the Faith calls for a degree of formal training, involving the employment of various measures of expertise and the use of prepared material, physical facilities, etc., or requiring establishment of academic or other social institutions, it is reasonable for fees to be charged for services rendered. Nonetheless, for a Bahá’í, such activities should be conducted primarily as a service to humanity and there should be no profit motive involved. It is practical, of course, that the fee structure be such as to enable reasonable returns from which can be drawn the means to extend the service being rendered. Under no circumstances should such service projects be regarded as channels of revenue for the Bahá’í funds.

“You will need to be certain that the human and other resources exist to ensure the success of such services, because failure to live up to the expectations awakened by your stated objectives can bring disrepute upon the community. As your proposals in this respect have largely to do with the public, the financial arrangements must be able to withstand rigorous public scrutiny. In general, your steps in these matters will need to be measured and gradual, each one building on the success of the previous one.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, APRIL 26, 1993, TO A NATIONAL SPIRITUAL ASSEMBLY

Assistance for the Treasurer

The Universal House of Justice wrote in 1985:

“A prime requisite for all who have responsibility for the care of the funds of the Faith is trustworthiness. This, as Bahá’u’lláh has stressed, is one of the most basic and vital of all human virtues, and its exercise has a direct and profound influence on the willingness of the believers to contribute to the Fund.

“Regarding the local funds, it is suggested that until such time as the friends have developed the habit of contributing regularly and freely, any Local Spiritual Assembly which has a large community might appoint a small committee to assist the local Treasurer in the discharge of his responsibilities. Such committees could be appointed after consultation with the Auxiliary Board member or assistant for the area. Great care must be taken in the appointment of the members of the committees; they must be both trustworthy and conscientious and must be imbued with awareness of the importance of maintaining the confidentiality of contributions to the funds.”

FROM A MEMORANDUM OF COMMENTS AND SUGGESTIONS ATTACHED TO A LETTER FROM THE UNIVERSAL HOUSE OF JUSTICE AUGUST 7, 1985 TO ALL NATIONAL SPIRITUAL ASSEMBLIES

A Treasury Committee would serve a number of functions, as suggested by the House of Justice:

-
- to render general assistance to the Treasurer, as needed, to issue receipts or keep the accounts
 - to arrange inspirational talks and discussions at Nineteen Day Feasts or at specially called meetings
 - to receive donations of money on behalf of the local Treasurer and make deposits under the Treasurer's supervision
 - to receive gifts in kind, arranging for their sale and for handing over the proceeds to the local Treasurer
 - to receive written pledges from the friends

Confidentiality of Information

As noted in the previous quotations, regardless of the arrangements made for assistance in the management of the Treasury, the confidential nature of the friends' contributions should be of the highest priority. Trustworthiness is a prime requisite for the Treasurer; it is also the standard that all the friends, whether members of the Local Spiritual Assembly or not, must uphold.

Depending on the size of the community, the tasks associated with the role of Treasurer can be daunting but the responsibility is *not* confined to the Treasurer alone. The Local Spiritual Assembly shares this important trust and needs to support its Treasurer in achieving goals which promote the good of the entire community. In addition to a committee of helpers, the friends are free to seek the aid of bankers, trust officers and other professionals in the management of the local Treasury and even in relation to their personal finances. An alert Treasurer will bring such resources to the Assembly's attention and, in consultation, work out a plan to bring new expertise to the friends.

Beyond these most basic and vital requisites, must the Treasurer be an accountant, bookkeeper or some other professional in the field of finances? Not necessarily. The role of the Treasurer includes, but reaches beyond collection of and accounting for the contributions of the friends and the general financial transactions required to execute the financial component of community building.

Ideally, the office of the Treasurer serves many additional purposes. The Treasurer is the local community's *educator* about the Funds and contributing; the Treasurer is *advisor*, providing or arranging for financial counsel for the local Spiritual Assembly in the development of its plans; and perhaps most important, the Treasurer is an *inspirer* of the friends.

The Treasurer As Educator

There are so many ways that the Treasurer can serve your community as educator in all aspects of the Funds. You are responsible for having available, and disseminating as necessary, information addressing questions the friends may have about the Funds—what they are, what they support and how contributions are made. Many sources are available for reference and study to help you meet this requirement of your job (*see the Bibliography in Appendix E*).

Regular reporting on the status of the Funds to the Local Spiritual Assembly at its meetings, and to the community at feasts, helps the entire community to be invested in the process of building the treasury and increases the awareness of their crucial role in its development. Using graphs, hand prepared or by computer, or any other audio or visual aid, will help the friends to focus on and better understand the information the Treasurer and the Assembly are sharing.

Perhaps the most important aspect of your education work is that of ensuring that new believers have proper knowledge of the Funds and are aware of what a privilege it is to contribute and of the blessings that accrue as a result of giving:

“Real growth of your material resources will come about through two primary means: increase in the number of believers, and increase in the effectiveness of the education of the believers concerning their spiritual obligations, among which is financial support of Bahá’í institutions.”

THE UNIVERSAL HOUSE OF JUSTICE, APRIL 26, 1993

“. . . no believer should be unaware of the privilege of contributing to the advancement of the Cause of God, irrespective of his material circumstances.”

THE UNIVERSAL HOUSE OF JUSTICE, SEPTEMBER 17, 1992

“. . . there is, we believe, a worldwide need for appreciation of this basic principle of our Faith: that contributing to the Fund should constitute an integral part of the spiritual life of every Bahá’í and be regarded as the fulfillment of a fundamental spiritual obligation. In too many countries we have encountered a reluctance among the teachers of the Cause to include, in their presentation of the Teachings, support of the Fund as a natural part of Bahá’í life.”

THE UNIVERSAL HOUSE OF JUSTICE, NOVEMBER 18, 1991

Failure to Educate Friends in This Aspect Tantamount to Depriving Them of Spiritual Benefits

“A corollary to the sacred obligation of the friends to contribute to the Funds of the Faith, is the direct and unavoidable responsibility of each Local and National Assembly to educate them in the spiritual principles related to Bahá’í

contributions. Failure to educate the friends in this aspect of the Faith is tantamount to consciously depriving them of the spiritual benefits accruing from giving in the path of God.”

FROM LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO ALL NATIONAL SPIRITUAL ASSEMBLIES
RECEIVING ASSISTANCE FROM THE BAHÁ'Í INTERNATIONAL FUND, APRIL 13, 1975

“The Assemblies should not hesitate, nor be diffident, in speaking of the Fund to the believers. The friends in the mass teaching areas, however poor or illiterate they may be, are full and equal members of the Bahá'í community; they should know their blessings and responsibilities. The mighty ones of this world rejected the call of Bahá'u'lláh, and it is now upon us ordinary men and women that He has conferred the inestimable bounty of raising up the Kingdom of God on earth. Service to God and His Cause is the heart of the life of every true believer and contributing to the Fund is a vital aspect of such service.”

FROM LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO ALL NATIONAL SPIRITUAL ASSEMBLIES,
DECEMBER 29, 1970

Redouble Fund Education Efforts

“Thousands upon thousands of believers will need to be aided to express the vitality of their faith through constancy in teaching the Cause and by supporting the plans of their institutions and the endeavors of their communities. . .

“The magnitude of the tasks the Bahá'í community is being summoned to perform during the Four Year Plan will call for a considerable outlay of funds. The pressing demands of the Arc Projects will continue to place severe constraints on the International Funds of the Faith. Yet, the Universal House of Justice will do its utmost to make available to the Counselors and the National Spiritual Assemblies the financial means necessary for the discharge of the tasks of expansion and consolidation in areas requiring assistance. This will include funds for the all-important work of the Auxiliary Boards.

“As experience has shown, however, the expenditure of money does not, by itself, bring results. The challenge before you is to help develop in the various institutions and agencies involved in the execution of the Plan the capacity to expend funds in a judicious and effective manner. In addition, you must redouble your efforts to educate every member of the Bahá'í community—the new and the old believer, the youth and the adult—on the spiritual significance of contributing to the Fund.”

THE UNIVERSAL HOUSE OF JUSTICE TO THE CONFERENCE OF CONTINENTAL BOARDS OF COUNSELORS, DECEMBER 24, 1996

“In the visits made to the villages, the visiting teacher meets with the local communities to give them basic Bahá'í knowledge, such as living the Bahá'í life, the importance of teaching, prayer, fasting, Nineteen Day Feasts, Bahá'í elections, and contributions to the Fund. The question of contributions to

the Fund is of utmost importance, so that the new believers may quickly feel themselves to be responsible members of the community.”

THE UNIVERSAL HOUSE OF JUSTICE, *WELLSPRING OF GUIDANCE*, PP. 34–35

Continuous Fund Appeals Foster Sense of Belonging

“The Universal House of Justice has been carefully studying the progress of the Faith and the extent of universal participation of the friends in areas where mass teaching has been going on. We have noted that many National Spiritual Assemblies have, in consultation with the Hands of the Cause in their continents, adopted various measures to deepen the knowledge of the friends to nurse them into maturity and to initiate them into the workings of the administration and the full support of the institutions of the Faith.

“As it has already been pointed out...it is important for the National Spiritual Assemblies to work out ways and means of creating a sense of belonging in the hearts of the believers. One of the ways this can be done is to bring to their attention the needs of the Fund.

“The National Assembly should neither feel embarrassed nor ashamed in turning to the friends, continuously appealing to them to exemplify their faith and devotion to the Cause by sacrificing for it, and pointing out to them that they will grow spiritually through their acts of self-abnegation, that the fear of poverty should not deter them from sacrificing for the Fund, and that the assistance and bounty of the Source of all good and of all wealth are unfailing and assured.”

THE UNIVERSAL HOUSE OF JUSTICE, LETTER TO A NATIONAL SPIRITUAL ASSEMBLY, FEBRUARY 9, 1967

- Consult with your Assembly to ensure that the Funds are included in deepenings for new believers.
- Place particular emphasis on the Sacred Writings regarding the importance of supporting the Faith with our material resources and the blessings which will accrue as a result of our giving in unity:

“The unity of the believers, rich and poor alike, in their support of the Fund will be a source of spiritual confirmations far beyond our capacity to envisage.”

THE UNIVERSAL HOUSE OF JUSTICE, SEPTEMBER 17, 1992

Application

Principle

The Treasurer As Advisor

Although the following quotations from letters of the Universal House of Justice refer specifically to national Treasurers, these directions apply equally well to local Treasurers:

“The Treasurer must be sure to render regular and accurate financial statements to the National Spiritual Assembly so that it can properly plan its work within the means available to it.”

THE UNIVERSAL HOUSE OF JUSTICE, JULY 13, 1981

“The Treasurer should carefully monitor the use of the Fund so that he can warn the Assembly in good time if there is danger of over-spending.”

IBID

In your capacity as Treasurer, you have, at any given time, a unique perspective on the financial picture for your Spiritual Assembly. As it plans for each new undertaking, you should be prepared to advise the Assembly on its current and future financial commitments and additional commitments which any new endeavor might incur.

Volunteers can be of great assistance, especially as the Assembly’s plans or programs become more complex. The Treasurer can be in the best position to engage someone, either a qualified volunteer or a professional, to help the Assembly make its plans. Should the services of a professional be warranted, contracting such services should follow consultation and go forward with express approval of the local Spiritual Assembly.

Application

Some Guidelines for Treasurers

“In general terms the House of Justice feels that there are certain matters to which Treasurers should give particular attention.

1. There is the relationship between the National Assembly and the individual believers and local communities. Through whatever correspondence he conducts with contributors to the National Fund and with committees which are drawing on the Fund for their work, the National Treasurer can be a powerful influence in establishing links of loving unity within the community.
2. The Treasurer must be sure to render regular and accurate financial statements to the National Spiritual Assembly so that it can properly plan its work within the means available to it.
3. It is the Treasurer’s responsibility to prepare the annual financial report in time for the National Spiritual Assembly to consider it before presenting it at Convention. He also has to prepare the annual budget for the consideration and approval of the National Assembly.
4. The Treasurer should carefully monitor the use of the Fund so that he can warn the Assembly in good time if there is danger of over-spending.

-
5. In book-keeping, a system must be adopted to ensure that earmarked funds are kept absolutely distinct from those that are at the free disposition of the Assembly, and there should be safeguards to prevent the inadvertent spending of earmarked funds on matters other than those for which they are intended.
 6. In addition to keeping accurate records of income and expenditure, the Treasurer should see that the assets of the Assembly are protected and that both assets and liabilities are carefully recorded.
 7. The Treasurer should advise the Assembly to set aside sufficient sums on a regular basis to provide for the repair and maintenance of properties owned by the Faith, so that these can be kept in good condition and so that the normal work of the Cause is not interrupted by sudden requirements of large sums for repairs. Usually the task of maintaining the properties is assigned to a special committee or committees, which should be consulted by the Assembly and can suggest a suitable amount to be set aside annually.
 8. While it is within the discretion of a National Spiritual Assembly to require only one signature on checks drawn on the National Fund, experience has shown that it is better practice to require at least two signatures. This is a protection not only to the Fund itself but also to the Treasurer. The funds of the Faith are a sacred trust, and Assemblies should be meticulous in handling and accounting for them.”

FROM A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, JANUARY 11, 1977

Principle

The Treasurer As Inspirer

The most important duty of the Treasurer may be her role in creating opportunities through which the friends can be inspired to reach a deeper understanding and appreciation of the spiritual dynamics of giving and the possibilities for the community when all the friends are unified in giving.

When the Treasurer's reports at Feast are planned with care and presented with enthusiasm, and when a setting is created for the friends to make their contributions in a private and dignified manner, these occasions hold great potential for lifting the vision of the friends to new heights.

Be visionary. Study the Writings about the Funds and giving. Meditate on them and pray for good health and vitality for your community. Form a vision of a thriving Bahá'í community where the friends are giving universally and sacrificially and making possible the growth and development of the community while at the same time contributing to the growth and development of the Cause of God

worldwide. Share this vision with the friends in your community and encourage them to be visionaries, too.

Appeal or Solicitation?

Principle

Your community has set an ambitious goal for contributions to the Funds of the Faith. The year is almost up and the total is about one-third short of the target. What do you do?

Some Treasurers respond to this situation by becoming increasingly blunt and assertive in their interactions with the believers; others study the methods of organizations outside the Bahá'í community and, knowingly or not, import approaches and methods that are actually at odds with the Faith's principles. One of a Treasurer's challenges is to exert every effort to ensure a plentiful supply of material resources, of money, while at the same time being extremely careful not to infringe on the believers' freedom to determine how and how much to give.

The Guardian had this reminder for us:

“In connection with the Institution of the National Fund and the budgetary system set forth in the minutes of the National Spiritual Assembly, I feel urged to remind you of the necessity of ever bearing in mind the cardinal principle that all contributions to the Fund are to be purely and strictly voluntary in character. It should be made clear and evident to every one that any form of compulsion, however slight and indirect, strikes at the very root principle underlying the formation of the Fund ever since its inception. While appeals of a general character, carefully worded and moving and dignified in tone are welcome under all circumstances, it should be left entirely to the discretion of every conscientious believer to decide upon the nature, the amount, and purpose of his or her contribution for the propagation of the Cause.”

SHOGHI EFFENDI, *DIRECTIVES OF THE GUARDIAN*, PP. 13–14

When the friends are being pressured, the dialogue risks becoming a solicitation. Here are some of the definitions of “solicitation”:

1. To entreat or petition (a person) for, or to do, something; to urge, importune; to ask earnestly or persistently.
2. To incite or move, to induce or persuade, to some act of lawlessness or insubordination.
3. To incite, draw on, allure, by some specious representation or argument.

SELECTED DEFINITIONS FROM THE *OXFORD ENGLISH DICTIONARY*

The Guardian indicates in another passage that “no coercion or solicitation of funds is to be tolerated in the Cause”—an emphatic statement!

Application

It may be helpful to think of the Treasurer's work as bringing information to the believers so they can make their own choices. That information can be shared in a variety of ways, some of them quite dramatic, but the best process leaves the friends free to choose.

Moreover, as we will see below, you are not trying to induce the Bahá'ís to give up something they really want to keep; you are offering them an easy way to fulfill their own hopes for service to Bahá'u'lláh and to strengthen their Bahá'í identity.

Principle

Does Guilt Increase Contributions?

One of the approaches Treasurers are sometimes tempted to try is to make the believers feel guilty in the hope they will give more. The approach can be subtle or "in your face", but in either case, it is both contrary to the spiritual basis of the Bahá'í Fund and just plain ineffective.

Good fund-raisers understand that guilt is a poor motivator. You may see a short-lived increase, but over the long term there are better ways. The Master, 'Abdu'l-Bahá, gave us a better rule:

"Strive, therefore, to create love in the hearts in order that they may become glowing and radiant. When that love is shining, it will permeate other hearts even as this electric light illumines its surroundings. When the love of God is established, everything else will be realized. This is the true foundation of all economics. Reflect upon it. Endeavor to become the cause of the attraction of souls rather than to enforce minds. Manifest true economics to the people. Show what love is, what kindness is, what true severance is and generosity. This is the important thing for you to do. Act in accordance with the teachings of Bahá'u'lláh."

'ABDU'L-BAHÁ, PROMULGATION OF UNIVERSAL PEACE, p. 239

Application

Create programs that involve the friends: brunch with the Local Spiritual Assembly; education events of various kinds; community and social events—these will all affect giving.

The Assembly and the Treasurer can experiment with:

- Stories, new or old, of giving and sacrifice, as well as music, to set a fitting tone
- Include information and discussion about the Funds in the community newsletter
- Share quotes from the Writings with the friends about the nature of giving and its importance to their spiritual development

- Include information about the status of the Local, National and International Funds, highlighting any triumphs—goals met, projects made possible by the gifts of the friends, etc.

You may also wish to organize deepenings in conjunction with new believers classes as well as stand-alone classes. Subjects may range from

- What are the Different Funds?
- The Real Nature of Sacrifice
- Money as a Tool for Growth
- Ḥuqúqu'lláh (with your area representative of the Ḥuqúq)

Young Believers Can Give, Too!

“Any Bahá’í can give to the Cause’s Funds, adult or child.... Bahá’í children have always given to the Cause, everywhere.”

LETTER WRITTEN ON BEHALF OF SHOGHI EFFENDI, DATED FEBRUARY 12, 1949, IN *BAHÁ’Í FUNDS: CONTRIBUTIONS AND ADMINISTRATION*, p.16

“The initiatives that youth can take in various fields of development, education and administration is great indeed. It is essential that, from an early age, they learn to shoulder their responsibilities, including their sacred duty to contribute generously to the funds of the Faith.”

THE UNIVERSAL HOUSE OF JUSTICE, LETTER DATED 17 DECEMBER 1998 TO NATIONAL YOUTH COMMITTEE OF INDIA

“In addition, you must redouble your efforts to educate every member of the Bahá’í community—the new and the old believer, the youth and the adult—on the spiritual significance of contributing to the Fund.”

THE UNIVERSAL HOUSE OF JUSTICE, LETTER DATED 24 DECEMBER 1996 TO THE CONFERENCE OF CONTINENTAL BOARDS OF COUNSELORS, *STEWARDSHIP AND DEVELOPMENT*, p.25 (146)

It is important to educate young believers early about the spiritual nature of giving and its vital role in one’s spiritual life. It is also a wonderful opportunity to teach children, junior youth, and youth that money is a tool to spiritualize the world. Perhaps a local Assembly’s Treasurer could facilitate a discussion on the fundamentals of contributing to the Bahá’í Funds and/or appoint a young believer as assistant Treasurer.

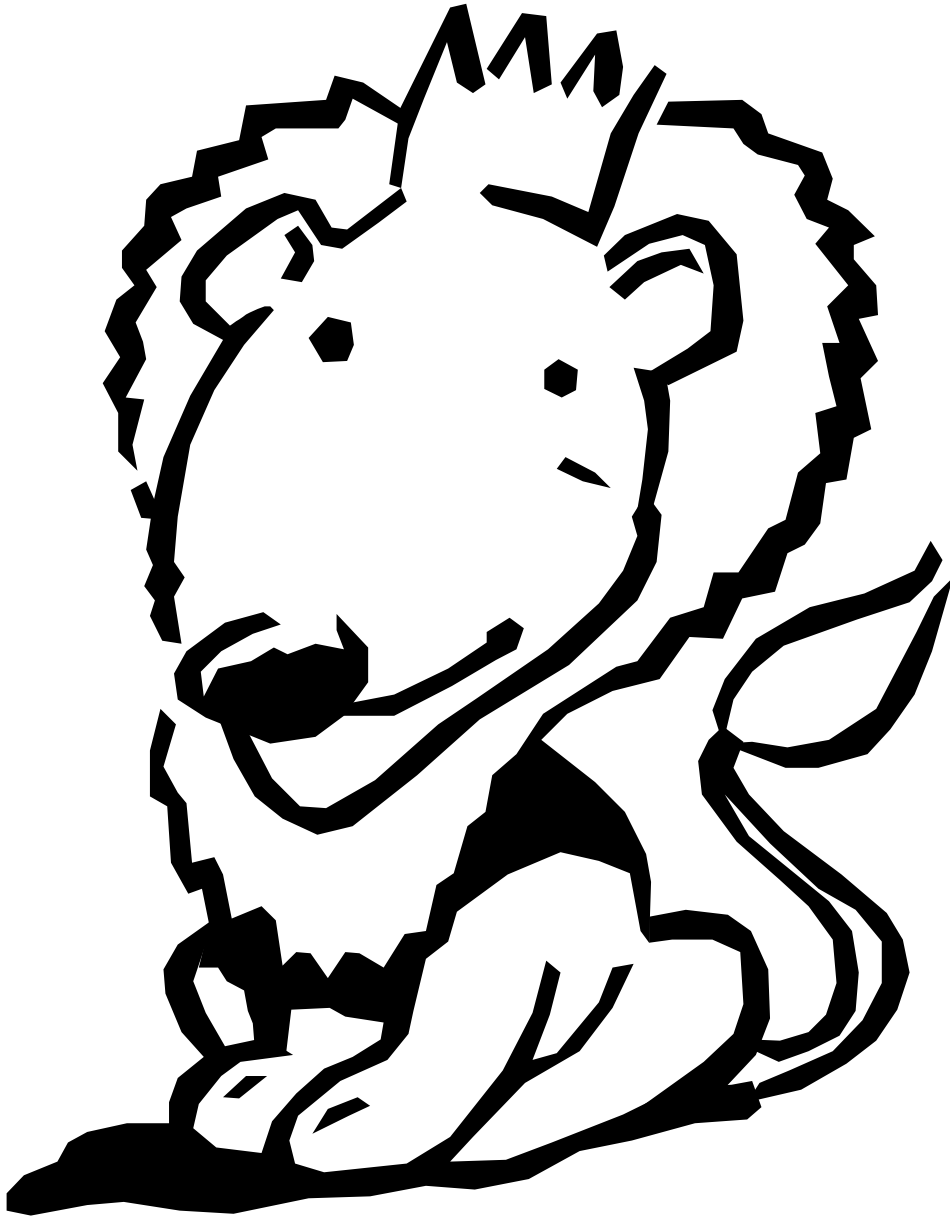
There are a variety of creative ways to engage young friends in discovering and rediscovering the spiritual significance of giving and the joys and blessings it brings to one’s life. Use of materials from popular culture, such as movies or music with themes relating to wealth and poverty, are also very useful to supplement the learning process.

Application

Liang the Lion has been teaching young believers about the many aspects of the Bahá'í Funds through *Liang's Adventures*, *The American Bahá'í* and *Brilliant Star* magazine. You may wish to copy and distribute the activities found in these publications for the younger friends, and you may also use the following pages to share Liang's message with your community.

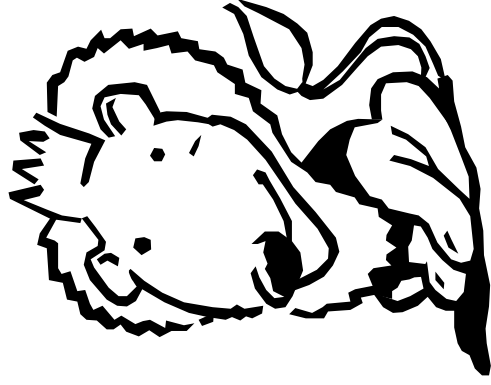
Excerpts from "Talks 'Abdu'l-Bahá Delivered in New York" lend themselves to a general discussion among youth and adults about poverty and wealth (see the end of this chapter). Perhaps a few moments at Feast could be set aside for a short deepening on this subject.

**“...make me a cause of bounty to the human world, and crown
my head with the diadem of eternal life....” ‘Abdu’l-Bahá**
(diadem = crown or headband worn as a symbol of dignity or royalty)



LIANG the LION

O SON OF SPIRIT!



I created thee rich,
why dost thou bring thyself down to poverty?
Noble I made thee,
wherewith dost thou abase thyself?

~ *Bahá'u'lláh, The Hidden Words of Bahá'u'lláh*

Talks 'Abdu'l-Bahá Delivered in New York

1 July 1912
Talk at 309 West Seventy-Eighth Street, New York

(Notes by Howard MacNutt)

What could be better before God than thinking of the poor? For the poor are beloved by our heavenly Father. When Christ came upon the earth, those who believed in Him and followed Him were the poor and lowly, showing that the poor were near to God. When a rich man believes and follows the Manifestation of God, it is a proof that his wealth is not an obstacle and does not prevent him from attaining the pathway of salvation. After he has been tested and tried, it will be seen whether his possessions are a hindrance in his religious life. But the poor are especially beloved of God. Their lives are full of difficulties, their trials continual, their hopes are in God alone. Therefore, you must assist the poor as much as possible, even by sacrifice of yourself.

No deed of man is greater before God than helping the poor. Spiritual conditions are not dependent upon the possession of worldly treasures or the absence of them. When one is physically destitute, spiritual thoughts are more likely. Poverty is a stimulus toward God. Each one of you must have great consideration for the poor and render them assistance. Organize in an effort to help them and prevent increase of poverty. The greatest means for prevention is that whereby the laws of the community will be so framed and enacted that it will not be possible for a few to be millionaires and many destitute.

One of Bahá'u'lláh's teachings is the adjustment of means of livelihood in human society. Under this adjustment there can be no extremes in human conditions as regards wealth and sustenance. For the community needs financier, farmer, merchant and laborer just as an army must be composed of commander, officers and privates. All cannot be commanders; all cannot be officers or privates. Each in his station in the social fabric must be competent—each in his function according to ability but with justness of opportunity for all.

Lycurgus, King of Sparta, who lived long before the day of Christ, conceived the idea of absolute equality in government. He proclaimed laws by which all the people of Sparta were classified into certain divisions. Each division had its separate rights and function. First, farmers and tillers of the soil. Second, artisans and merchants. Third, leaders or grandees. Under the laws of Lycurgus, the latter were not required to engage in any labor or vocation, but it was incumbent upon them to defend the country in case of war and invasion. Then he divided Sparta into nine thousand equal parts or provinces, appointing nine thousand leaders or grandees to protect them. In this way the farmers of each province were assured of

protection, but each farmer was compelled to pay a tax to support the grandee of that province.

The farmers and merchants were not obliged to defend the country. In lieu of labor the grandees received the taxes. Lycurgus, in order to establish this forever as a law, brought nine thousand grandees together, told them he was going upon a long journey and wished this form of government to remain effective until his return. They swore an oath to protect and preserve his law. He then left his kingdom, went into voluntary exile and never came back. No man ever made such a sacrifice to ensure equality among his fellowmen. A few years passed, and the whole system of government he had founded collapsed, although established upon such a just and wise basis.

Difference of capacity in human individuals is fundamental. It is impossible for all to be alike, all to be equal, all to be wise. Bahá'u'lláh has revealed principles and laws which will accomplish the adjustment of varying human capacities. He has said that whatsoever is possible of accomplishment in human government will be effected through these principles.

When the laws He has instituted are carried out, there will be no millionaires possible in the community and likewise no extremely poor. This will be effected and regulated by adjusting the different degrees of human capacity. The fundamental basis of the community is agriculture, tillage of the soil. All must be producers. Each person in the community whose need is equal to his individual producing capacity shall be exempt from taxation. But if his income is greater than his needs, he must pay a tax until an adjustment is effected. That is to say, a man's capacity for production and his needs will be equalized and reconciled through taxation. If his production exceeds, he will pay a tax; if his necessities exceed his production, he shall receive an amount sufficient to equalize or adjust. Therefore, taxation will be proportionate to capacity and production, and there will be no poor in the community.

Bahá'u'lláh, likewise, commanded the rich to give freely to the poor. In the *Kitáb-i-Aqdas* it is further written by Him that those who have a certain amount of income must give one-fifth of it to God, the Creator of heaven and earth.

— 'Abdu'l-Bahá, *The Promulgation of Universal Peace*, pp.216–217

“Wealth & Poverty”

Discussion Questions

(Many of the questions follow the reading of ‘Abdu’l-Bahá’s talk in New York in 1912 from *The Promulgation of Universal Peace*, p. 216–217)

1. How does the following quote by Bahá’u’lláh’s son help us to dispel the myths we hold about the rich and the poor?

“Spiritual conditions are not dependent upon the possession of worldly treasures or the absence of them.” —Abdu’l-Bahá

2. What is the greatest means for prevention of the extremes of wealth and poverty?
3. Why did King Lycurgus’ plan fail?
4. Why is absolute equality impracticable or unworkable?
5. How is the Bahá’í attitude different from our current society’s general view about “hierarchies?”
6. What must the rich do?
7. What must the poor do? Based on the following quote by Bahá’u’lláh, should they live off of the rich?

“O MY SERVANTS! Ye are the trees of My garden; ye must give forth goodly and wondrous fruits, that ye yourselves and others may profit therefrom. Thus it is incumbent on every one to engage in crafts and professions, for therein lies the secret of wealth, O men of understanding! For results depend upon means, and the grace of God shall be all-sufficient unto you. Trees that yield no fruit have been and will ever be for the fire.” —from The Hidden Words of Baha’u’llah

8. How do we as a society ensure that neither the poor nor the rich are discriminated against? What can we do as individuals?

Our contributions to the Faith
are the surest way
of lifting once and for all time
the burden of hunger
and misery from mankind.

—*On Behalf of Shoghi Effendi*

3. The Bahá'í Funds

What are the various Bahá'í Funds? What do they do? The following is meant to introduce these institutions of the Cause and discuss in very general terms how contributions to each of them are used to further the Faith's mission.

Which Fund Do I Support?

Giving is about relationships: the relationship with God, with His Manifestation, with the Administrative Order ordained by Bahá'u'lláh, and with the community. Giving to the Fund represents one way in which those many relationships can be expressed. On this most basic level, which of the various Bahá'í Funds one supports is unimportant—they are all facets of a single gem, reflecting the love we bear for the Cause of God.

It is also true, however, that Bahá'u'lláh's Administrative Order operates internationally, regionally, nationally and locally. Institutions have been created at every level and their activities cost money. We cannot separate the spiritual mission of these institutions from their material needs, hence each institution is associated with its own Fund.

In addition, special-purpose funds are occasionally created, whether by the Head of the Faith or by other institutions pursuing a specific purpose. The seeming multiplication of funds, in turn, has confused much of the dialogue about giving in the American community over the last several years. Friends who are trying to do the right thing, but who feel pulled in different directions by apparently competing loyalties, ask with increasing urgency, “Which fund do I support?”

What are the principles involved in answering this question? There are at least three to which we turn now.

Believers' Discretion in Giving

Principle

First, there is the freedom of the individual to give as she or he sees fit. The Guardian wrote that “it should be left entirely to the discretion of every conscientious

tious believer to decide upon the nature, the amount, and purpose of his or her contribution for the propagation of the Cause.” (*Bahá’í Administration*, p. 101) The giver often expresses these wishes through earmarking, a more detailed discussion of which can be found below. Also, it is good to observe that the Guardian did not say we can decide “whether” to contribute; that we will all give is implicit in his statement.

A brief note of caution is in order. Just as Bahá’u’lláh taught that an excess of freedom can be harmful, so too can an excess of earmarking harm the Faith’s progress. “. . . (T)he friends should recognize,” wrote the Guardian’s secretary, “that too much labeling of contributions will tie the hands of the Assembly and prevent it from meeting its many obligations in various fields of Bahá’í activity.” In February, 1997, the Universal House of Justice advised the friends that the amount of unrestricted contributions to the Bahá’í International Fund had declined; as a result, the House of Justice “enforced stringent economy at the Bahá’í World Center and also felt compelled to limit the funds available to meet the needs of the Faith in other parts of the world.”

One of the responses of the National Spiritual Assembly of the United States to this unfortunate circumstance at the Bahá’í World Center was to encourage the friends to reduce their level of earmarked contributions by incorporating into its overall national goal specific contribution targets for the International and Continental Bahá’í Funds. While the friends remain free to specify the nature of their gifts, there is also a mechanism for systematically identifying and meeting the full range of our national community’s obligations.

Principle

Earmarking and Accounting for Earmarked Contributions

Givers Encouraged to Make Unrestricted Gifts

“Both orally and in his letters Shoghi Effendi has tried to encourage the friends to contribute to the Central Fund and has made an effort to explain the advantages that we would have in having a large Central Fund and in giving regular appropriations to each of the different activities of the Cause. And yet in spite of that, Shoghi Effendi has expressly stated that the friends are not in the least required to send their contributions unlabelled but are absolutely free to state whether they wish it to go to the Central Fund or to some specific fund such as the Temple. And moreover the friends must be assured that funds that are labeled will never be used except for the specified purpose. Mrs. . . . ’s aim in that letter is to *encourage* them to send unlabelled contributions which as long as they do not at all require the funds is quite in conformity with Shoghi Effendi’s desire.”

LETTER OF FEBRUARY 19, 1926 ON BEHALF OF THE GUARDIAN TO CORINNE TRUE

“With regard to the National Fund, it must not be felt that the believers are *required* to send *unlabelled* contributions to the Fund but that it is only extremely desirable to do so. Individuals are free to specify the purpose of their donations.”

IBID, ADDENDUM IN THE GUARDIAN’S HANDWRITING

“Regarding your question about contributions: it is up to the individual to decide; if he wishes to donate a sum for a specific purpose, he is free to do so; but the friends should recognize that too much labeling of contributions will tie the hands of the Assembly and prevent it from meeting its many obligations in various fields of Bahá’í activity.”

JUNE 23, 1950 LETTER FROM SHOGHI EFFENDI TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE BAHÁ’ÍS OF CANADA, *MESSAGES TO CANADA*, p. 14

“Whatever is contributed to the National Assembly for a specific purpose should be expended for that purpose only, but I would encourage the friends to send unlabelled contributions in order not to tie the hands of the National Assembly although I do not in the least require them to do so. I will pray for your success from all my heart.”

SHOGHI EFFENDI, *DAWN OF A NEW DAY*, p. 15

Freedom to Specify Purpose of Gift

“With regard to the Bahá’í Fund, recently established amongst the friends, I trust that the matter now stands clear to everyone throughout the country. As I have previously intimated, although individual friends and local Assemblies are absolutely free to specify the object and purpose of their donations to the National Spiritual Assembly, yet, in my opinion, I regard it as of the utmost vital importance that individuals, as well as local Assemblies, throughout the land should, in view of the paramount importance of National Teaching and as an evidence of their absolute confidence in their national representatives, endeavor, however small at first, to contribute freely towards the upkeep and increase of the National Bahá’í Fund, so that the members of the National Assembly may at their full discretion expend it for whatever they deem urgent and necessary.”

FROM A LETTER BY THE GUARDIAN DATED NOVEMBER 23, 1923 TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE BAHÁ’ÍS OF THE UNITED STATES, *BAHÁ’Í ADMINISTRATION*, p. 57

When Earmarking Instruction Cannot Be Observed

“The beloved Guardian was very emphatic that contributions to Bahá’í funds, given for specified purposes, may be used only for those purposes, unless the donor consents to a change. If the Assembly cannot use the contribution for the purpose specified, it may refuse to accept it. Alternatively it could consult the donor and suggest that he release the contribution for general purposes or transfer it to another specified one, but no pressure should be exerted to force his acquiescence. On the other hand, once money has been contributed to an Assembly, it is the property of that Assembly, even though earmarked for a specific purpose, and the donor has no right to change its

purpose unilaterally. The Assembly, however, may, at its own discretion, accept his request to do so.”

FROM A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, DECEMBER 30, 1984

Assembly Must Determine Whether Gift Supports Budget or Is Separate

“We fully realize the problem of additional clerical work in forwarding small contributions to the Holy Land. . . but care must be taken not to violate for any reason the right of the individual believer to earmark his contribution.

“The need, therefore, is to make clear to the individual believers and local Spiritual Assemblies how they should express their earmarkings so that the National Assembly can know whether a contribution is intended to be towards any particular segment of the national budget or to be a separate contribution merely passed through the National Assembly. In view of the Guardian’s statement* one should assume that, unless there is an indication to the contrary, an earmarked contribution is intended to be over and above the allocation made out of the National Fund.”

THE UNIVERSAL HOUSE OF JUSTICE TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES, JANUARY 18, 1968

*. . . you mentioned the sum of . . . as being included in the . . . allocated from your Assembly’s Budget to the World Centre. The principle involved is as follows: The Guardian feels that your Assembly when allocating its annual budget, and having stipulated what sum is for the purposes of the International Centre of the Faith, should immediately pigeon-hole that sum to be at the Guardian’s disposal. Any monies received as contributions from the Bahá’ís for the International Centre should not be credited to this account which represents a national joint contribution, and has nothing to do with individual or local contributions forwarded to the World Centre in your care.

FROM A LETTER WRITTEN BY THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, AUGUST 21, 1980: (MULTIPLE AUTHORS: *LIGHTS OF GUIDANCE*, P. 265)

“In general, although it is permitted for the friends to earmark contributions, it is apparent that it is often better that the friends allow the Assembly to use their contributions without restricting them.”

THE UNIVERSAL HOUSE OF JUSTICE, P. 24

Contributions to Every Fund May Be Sent Directly

“I am moved to renew my fervent plea addressed to all national and local Assemblies and believers. . . to arise and determinedly gird up their loins to contribute, through curtailment of budgets, adequate appropriations from national and local funds, as well as direct sustained individual donations, to insure uninterrupted financial support, however great the sacrifice involved, however heavy the burdens, however distracting the successive crises of the present hour.”

SHOGHI EFFENDI, *MESSAGES TO THE BAHÁ’Í WORLD*, P. 9

“Emergence of independent sovereign state in Holy Land . . . as well as projected acquisition of extensive properties in close neighborhood of the Most Holy Tomb of Bahá and the precincts of the Shrine on Mount Carmel, Haifa . . . demand henceforth reorientation and necessitate increasing financial support by Bahá’í National Communities of East and West, through curtailment of national and local budgets. . . Moreover, participation of individual believers, through contributions directly transmitted to the Holy Land are imperative and beyond the scope of the jurisdiction of National and local Assemblies.”

SHOGHI EFFENDI, *MESSAGES TO THE BAHÁ’Í WORLD*, p. 14

“Appeal to the twelve National Assemblies and individuals to insure a steady augmentation of these [Continental] Funds through annual assignment in National budgets and by individual contributions.”

SHOGHI EFFENDI, *MESSAGES TO THE BAHÁ’Í WORLD*, p. 59

Believer’s Prerogative of Contributing Directly to All the Funds

“In educating the friends to be conscious of contributing to the fund as a fundamental element of Bahá’í life, the Assembly should make them aware of the individual believer’s prerogative of contributing directly to all the funds of the Faith: international, continental and national as well as local.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, *LIGHTS OF GUIDANCE*, p. 259

Accounting for Earmarked Contributions

“Care must be taken that the purpose of earmarking is not defeated. Thus the use of earmarked funds to defray the expense of particular items in your budget has the effect of reducing, pro tanto, the amount of general contributions needed to be applied to the budget. In effect, this practice may result in there being no difference between an earmarked contribution and one not earmarked. For example: A friend may earmark a contribution for the Bahá’í International Fund. To apply this to the contribution to the Bahá’í International Fund from your National Fund would be wrong unless the earmarking so specifies. Funds earmarked merely to the Bahá’í International Fund should be sent to the World Center in addition to whatever contribution is made from the National Fund.”

FROM A LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, JANUARY 29, 1971 (MULTIPLE AUTHORS: *LIGHTS OF GUIDANCE*, p. 264)

“This question of proper accounting for earmarked funds is very important. The account books of any Assembly should be designed in such a way that will always clearly distinguish between earmarked funds and funds freely at the disposition of the Assembly, so that there will be no danger of the Assembly’s inadvertently commingling them and spending earmarked funds for the wrong purpose.”

FROM A LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY, AUGUST 6, 1984 (MULTIPLE AUTHORS: *LIGHTS OF GUIDANCE*, p. 265)

“We have been asked to call your attention to the principle that earmarked

funds such as those for the purchase or maintenance of properties, for special teaching projects, etc., should not be used for other purposes, but should be held in a special account until expended for the purpose for which they were given. This is true whether the funds are from the World Center, from individuals or from other sources. If the project for which the funds have been given is abandoned, the contribution should be returned to the donor unless he agrees that it may be used for other purposes. Strict adherence to the principles regarding the earmarking of funds is extremely important for many reasons, including the maintaining of the confidence of the friends in matters pertaining to the Fund.”

FROM A LETTER OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY,
JANUARY 21, 1979 (MULTIPLE AUTHORS: *LIGHTS OF GUIDANCE*, P. 264)

Principle

Achieving the Greatest Good

Concomitant with the great freedom we enjoy in relation to our giving is the need to focus our resources so as to achieve the greatest good. A broad river will have greater effect than a hundred small creeks. The beloved Guardian expressed it this way:

“...I cannot help observing that, driven by their impetuous eagerness to establish the undisputed reign of Bahá’u’lláh on this earth, they may by an undue multiplication of their activities, and the consequent dissipation of their forces, defeat the very purpose which animates them in the pursuit of their glorious task. Particularly do I feel that this necessity of a careful estimation of the present resources at our disposal and of cautious restraint in handling them applies in a peculiar manner to the swiftly expanding activities of the American believers....”

BAHÁ’I ADMINISTRATION, PP. 140–141

Principle

Priorities in Giving

This concept of focusing our resources leads to the fourth principle, which is that there are priorities in giving. “The beloved Guardian has explained that the general and national interests of the Cause take precedence over local ones; thus contributions to local funds are secondary to those to national funds,” wrote the Universal House of Justice in August 1985. In 1993 we received this wonderful explanation of priorities by the Supreme Body:

“The fixing of priorities is dependent on many factors, relating both to the Cause as a whole and to each individual in his or her own circumstances.

“As far as the Cause is concerned, all the work must be kept going; all the funds need to be supported, both directly by the believers, and also by the

making of contributions by Bahá'í institutions from one fund to another, which do not take the place of contributions from individuals—the source of the life-blood of the Cause.

“At the level of the individual believer, attention to the needs of the funds of the Faith parallels the principles which govern multiple loyalties. The first loyalty of a Bahá'í is to the whole of mankind, for the benefit of the part is best achieved through the welfare of the whole. But this widest loyalty does not eliminate the lesser loyalties of love for one's country, for the area in which one lives, or for one's family. They all constitute a network of interdependent and mutually beneficial loyalties. So it is with the individual believer's relationship to the International, Continental, National and Local Funds.

“Although the setting of priorities for contributing is a matter for personal judgement, the individual believer will certainly bear in mind the priorities of the work of the Cause as a whole.”

We see, therefore, that there is a hierarchy of priority which begins with the Universal House of Justice and its two sources of funding, the Bahá'í International Fund and the Right of God; which continues to the Continental Bahá'í Funds, and then on to National and Funds. Every other appeal, however worthy the purpose, can reasonably be said to come after all these other needs are fully met.

Striking the right balance among these four principles is the job of each individual and each Assembly, based on their information and the promptings of their hearts.

Now let us look at the various Funds, what they do, and how we can support them.

Bahá'í International Fund

The Bahá'í International Fund supports the vast array of work of the Universal House of Justice. It is used, among other things, to finance the operations of the Bahá'í World Center and of the Bahá'í International Community worldwide, assist various National Spiritual Assemblies, fund agencies for Bahá'í social and economic development, and support programs carried out in conjunction with various United Nations organizations.

Continental Bahá'í Fund

The Continental Bahá'í Fund supports the propagation and protection work of the International Teaching Center, the Continental Boards of Counselors, the Auxiliary Boards and their assistants. The Universal House of Justice wrote:

“Nor should the believers, individually or in their Assemblies, forget the vitally important Continental Funds which provide for the work of the Hands of the Cause of God and their Auxiliary Boards. This divine institution, so assiduously fostered by the Guardian, and which has already played a unique role in the history of the Faith, is destined to render increasingly important services in the years to come.”

LETTER DATED DECEMBER 18, 1963

Giving to the International Funds

The Bahá'ís have several options for making contributions to the international funds of the Faith (the Bahá'í International Fund and the Continental Bahá'í Fund).

First, the friends may send contributions for the International Funds directly to the World Center at the following address:

Bahá'í International Fund
P.O. Box 155
Haifa 31 001
ISRAEL

Offerings for the Continental Bahá'í Fund are presently sent to the Bahá'í National Center in Evanston, which has agreements with the Trustee of the Continental Fund to deposit such gifts. The address of the National Spiritual Assembly under “Giving to the National Bahá'í Fund,” above should be used, with a note specifying that the gift is for the Continental Fund.

Second, the friends are free to earmark a portion of their Local Fund contributions for any of the international or continental Funds, and the local Treasurer will pass those contributions along on their behalf.

Third, believers may make contributions to the Local Fund which will become part of the Local Assembly's budget for international contributions.

Fourth, contributions to the National Bahá'í Fund can be earmarked for the international Funds (“non-discretionary” contributions). Fifth, friends can make contributions to the National Fund (i.e. “discretionary” contributions) which will become part of the budget of the National Assembly in support of the international funds.

Donors should keep in mind that contributions made directly to international funds, or “non-discretionary” contributions, are not tax deductible. Donors will also want to note that International contributions made through the Bahá'í Na-

tional Center in Evanston are available to the Universal House of Justice no more than 24 hours after they are received. Checks sent to Haifa may be delayed in the banking system as much as three weeks or more.

The National Bahá'í Fund

This fund supports the work of the National Spiritual Assembly. It is used to promote national proclamation, expansion, and consolidation of the Faith; to maintain national properties, including the House of Worship in Wilmette, “the holiest House of Worship ever to be raised to the glory of Bahá'u'lláh”; to promote external affairs work and defend believers wherever they are persecuted; and to support the international institutions of the Faith.

“Regarding the state of the National Fund, which you have reported is suffering from a general slackness in contributions from both individual believers and the Local Assemblies and groups: It is only evident that unless the flow of donations is regularly maintained by means of generous and continual support by all the believers, individually and collectively, the National Fund will never be able to meet the needs and requirements of the Cause, particularly in these days when the national activities of the American believers are assuming such wide and increasing proportions.”

SHOGHI EFFENDI, LETTER DATED 3 FEBRUARY, 1941

Giving to the National Bahá'í Fund

Bahá'ís may make contributions to the National Fund in any one of three ways. First, the friends can send contributions payable to the National Bahá'í Fund directly to the Treasurer at the Bahá'í National Center at the following address:

Office of the Treasurer
Bahá'í National Center
1233 Central Street
Evanston, IL 60201

An original (suitable for photocopying) page of the National Bahá'í Fund contribution forms is located at the end of Chapter 6.

Second, the friends are free to earmark a portion of their Local Fund contributions for the National Bahá'í Fund. Such contributions are given to the local Treasurer and receipted locally.

Third, friends can make contributions to the Local Fund which will become part of the budget of the Local Assembly and used in meeting the goal for the Assembly's contribution to the National Bahá'í Fund.

The Local Bahá'í Fund

The local Fund supports the work of the Local Spiritual Assembly and the administration of the community's affairs. The Universal House of Justice wrote:

“The universal participation of the believers in every aspect of the Faith—in contributing to the Fund, in teaching, deepening, living the Bahá'í life, administering the affairs of the community, and, above all, in the life of prayer and devotion to God—will endow the Bahá'í community with such strength that it can overcome the forces of spiritual disintegration which are engulfing the non-Bahá'í world, and can become an ocean of oneness that will cover the face of the planet.”

LETTER DATED DECEMBER 29, 1970

Giving to the Local Bahá'í Fund

The friends are privileged to make contributions to their Local Fund and support their Local Spiritual Assembly and the affairs of their home community. Contributions to the Local Fund become part of the budget of the Local Spiritual Assembly unless otherwise earmarked. The Local Assemblies use their discretion to set goals for the National, Continental and International Funds.

A Note About Bahá'í Identification (BID) Numbers

In order to process contributions, it is very helpful if the memo section of each contribution check clearly shows the donor's Bahá'í identification number. If the friends wish for their contribution to be credited jointly with another believer, they need to complete a contribution slip (see form at the end of Chapter 6) with the individual BID and full legal name of each person included, along with all BIDs listed in the memo section of the check.

ACS Subscriptions

The National Spiritual Assembly has an automatic contribution system (ACS) that can process monthly contributions to the Fund directly from the believer's checking account. Friends using the ACS have found it to be a great help in making regular contributions to any or all of the national and international Funds. The system aids the National Assembly by reducing processing costs and providing a steady, year-round flow of contribution income.

To enroll, an individual or assembly would complete the Individual or Group/Local Spiritual Assembly portion of the ACS enrollment form, found periodically in *The American Bahá'í* or available from the Office of the Treasurer (see form at the end of Chapter 5).

Deputization

“Center your energies in the propagation of the Faith if God. Whoso is worthy of so high a calling, let him arise and promote it. Whoso is unable, it is his duty to appoint him who will, in his stead, proclaim this Revelation, whose power hath caused the foundations of the mightiest structures to quake, every mountain to be crushed into dust, and every soul to be dumfounded.”

—BAHÁ'U'LLÁH, *GLEANINGS* p. 196-197

Contributions for Deputization of Homefront Pioneers

Individuals can donate their contributions to the Local Spiritual Assembly earmarked for the Deputization Fund.

If the donor wants tax deductibility for the contribution, the donor must give discretion to the Local Spiritual Assembly for his or her contribution. If the donor does not give discretion to the institution, the contribution is not tax deductible.

The treasurer of the Local Spiritual Assembly must keep deputization funds in a separate account until such time as the funds are used. The Local Spiritual Assembly will decide and approve the recipients of these funds. After careful consideration and consultation, the Assembly may choose to provide funds for that person, or to assist that person to find ways to raise the needed funds. The recipient(s) of deputization funds should account to the Local Spiritual Assembly with a detailed expense report.

Contributions for Deputization of International Pioneers

Individuals can donate their contributions directly to the National Spiritual Assembly or through the Local Spiritual Assembly to the National Fund.

Individuals may not take a charitable tax deduction from their federal income tax if they sponsor a specific individual. Any contribution stating that it is the ‘wish, hope and desire that...’ for the designation of earmarking of a contribution will permit the Treasurer’s Office to provide a receipt for that contribution. While the National Spiritual Assembly will most likely honor the request, the wording above ultimately permits the National Spiritual Assembly discretion on the disbursement of the contributed funds.

For the dissemination of deputization funds from the National Spiritual Assembly there is an application, and certain criteria established with the Office of International Pioneering that must be met. Believers are encouraged to arrange automatic deductions for ongoing contributions earmarked for deputization.

Contributions for Deputization of Training Institute Teachers

The Universal House of Justice, in recognition of the importance of training institutes and the critical need for trained teachers, offered the following guidance in its Ridván 1996 message:

Just as one deputizes another to teach in one's stead by covering the expenses of a pioneer or traveling teacher, one can deputize a teacher serving an institute, who is, of course, a teacher of teachers. To do so, one may make contributions to the Continental Bahá'í Fund, as well as to the Local, National and International funds, earmarked for this purpose.

—TRAINING INSTITUTES, GUIDANCE FROM THE UNIVERSAL HOUSE OF JUSTICE, PP. 7–8

The unity of the believers, rich and poor alike,
in their support of the Fund
will be a source of spiritual confirmations
far beyond our capacity to envisage.

— *The Universal House of Justice*

4. Fund-raising and Planned Giving

So far we have talked about principles of the Faith regarding the Fund, and about some of the possible applications of these principles. Many Treasurers have asked for information about fund-raising and planned giving, so let's take a look at those subjects now.

Fund-raising Is About Relationships and the Heart

Principle

Most local communities have developed their own approaches to raising money among Bahá'ís for Bahá'í purposes. No veteran believer in the United States will be unfamiliar with the various methods we use so widely: auctions, pot-luck dinners and bake sales, pledges, and so on. Many friends, however, and a significant number of Treasurers, have asked whether these methods are appropriate or adequate, and whether there is anything we can learn from the fund-raising profession. The discussion that follows attempts to integrate Bahá'í principles with some of those basic to the fund-raising profession in general.

The first thing to understand about fund-raising is that it is a spiritual process with material aspects and not the other way around. This means that our success will depend, not on our competence in using some method, but on whether our words and actions are consistent with the standards established in the Teachings. There are many methods used by professionals in the larger community. Some of them can be very useful to us; others, though widely used elsewhere, would be destructive to our work. Our methods need to be characterized by dignity and careful attention to the effect they will have on the spiritual well-being and feelings of the believers. Achieving our financial goals is important, but not if we sacrifice our values along the way.

“...The House of Justice feels that it is important for the friends never to lose sight of the fact that contributing to the funds of the Faith is a spiritual responsibility and privilege of profound significance in the spiritual life of

the individual believer, and care must be taken not to trivialize this aspect of Bahá'í life by applying to it too many 'gimmicks' or treating it with a lack of dignity. At the same time, the Assemblies should not dampen the enthusiasm of those friends who, having only slender financial resources, devise imaginative ways of earning money for the work of the Faith.

“Within this framework, there is clearly a difference in the range of activities open to individuals and those which it would be befitting and dignified for a Spiritual Assembly to engage in or sponsor.”

ENCLOSED WITH A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE,
JUNE 26, 1982

“Such gatherings for collections of funds are permissible if it is done with a true spirit of sacrifice, not when the audience is especially aroused to a frenzy and mob psychology is used to induce them to pay.

“Shoghi Effendi has repeatedly stated that no pressure should be used upon the friends and psychological pressure falls under that category. But there is much difference between such gatherings often used by religious bodies, and a true quiet, prayerful atmosphere when a person is, of his own accord, aroused to make some sacrifice. The distinction is very delicate, but it is for the Chairman to use his power to see that one desirable form is not corrupted into the other. All the activities of the Cause should be carried through in a dignified manner.”

WRITTEN ON BEHALF OF SHOOGHI EFFENDI, MAY 28, 1932, IN *BAHÁ'Í FUNDS: CONTRIBUTIONS AND ADMINISTRATION*, p. 8

“I need not enlarge at the present moment upon what I have stated in the past, that contributions to the local and national Funds are of a purely voluntary character; that no coercion or solicitation of funds is to be tolerated in the Cause; that general appeals addressed to the communities as a body should be the only form in which the financial requirements of the Faith are to be met; that the financial support accorded to a very few workers in the teaching and administrative fields is of a temporary nature; that the present restrictions imposed on the publication of Bahá'í literature will be definitely abolished; that the World Unity activity is being carried out as an experiment to test the efficacy of the indirect method of teaching; that the whole machinery of assemblies, of committees and conventions is to be regarded as a means, and not an end in itself; that they will rise or fall according to their capacity to further the interests, to coordinate the activities, to apply the principles, to embody the ideals and execute the purpose of the Bahá'í Faith.”

SHOOGHI EFFENDI, *WORLD ORDER OF BAHÁ'U'LLÁH*, p.9

“There is clearly no objection to an Assembly's giving contributions in kind to a professional auctioneer to sell and then to use the proceeds for the Fund. Whether it would be proper to hold such an “ordinary auction” among Bahá'ís would depend upon the Assembly's judgment as to whether a properly dignified atmosphere could be observed and also whether it could be construed

as bringing pressure to bear upon the friends to contribute which would, of course, be undesirable. In general the House of Justice prefers not to encourage such auctions for the Fund.”

FROM A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE TO A NATIONAL SPIRITUAL ASSEMBLY CITED IN A LETTER TO THE NATIONAL SPIRITUAL ASSEMBLY OF MALAYSIA, MAY 26, 1982

A spiritual process also requires us to rely on unseen powers. These powers exist to help accomplish the purposes for which we are raising money. The fact that these powers are available to us also encourages us to adopt ambitious goals, and to act with the confidence that the goals will be met. Our contact with these forces will change our lives and increase our appetite for the actions that call spiritual power into our lives. Our increasing reliance on spiritual power, in turn, will help to build our communities. It is this mystical dynamic we seek to engage when we attempt to mobilize money in support of the Faith, and which makes our fundraising so much more important than mere finance. If we understand that fundraising can promote every Bahá’í value and every Bahá’í goal, then we can really begin to integrate money into our service to the Faith.

Principle

A statement by the beloved Master captures the essence of this most basic fundraising concept, and should stand as a sure safeguard against any tendency to become material, crass or harsh in our efforts to ensure that financial needs are met. Although the passage is quoted elsewhere, it is so essential that it merits repeating here:

“Strive, therefore, to create love in the hearts in order that they may become glowing and radiant. When that love is shining, it will permeate other hearts even as this electric light illumines its surroundings. When the love of God is established, everything else will be realized. This is the true foundation of all economics. Reflect upon it. Endeavor to become the cause of the attraction of souls rather than to enforce minds. Manifest true economics to the people. Show what love is, what kindness is, what true severance is and generosity. This is the important thing for you to do. Act in accordance with the teachings of Bahá’u’lláh. All His Books will be translated. Now is the time for you to live in accordance with His words. Let your deeds be the real translation of their meaning. Economic questions will not attract hearts. The love of God alone will attract them. Economic questions are most interesting; but the power which moves, controls and attracts the hearts of men is the love of God.”

‘ABDÚ’L-BAHÁ, *PROMULGATION OF UNIVERSAL PEACE*, p. 239

The Master’s advice serves, too, as a hint that relationships are all-important in the fund development work. If the loving relationship between two individuals is a close one, they can discuss almost anything; even mistakes are taken in stride. This fact is as true at the personal level as it is at the institutional level; the Universal House of Justice speaks (May 19, 1994) of the “feeling among the individuals composing the community that the Assembly is a part of themselves,” and says that such a feeling is key in maintaining a climate of love and unity in the community.

Relationships take time to develop, so your fund-raising program needs to grow out of a constant effort to build relationships between the friends and the Assembly. Conversely, without a close, loving relationship between the individuals and the institutions, fund-raising programs become much harder to carry out. The Treasurer has a central role to play in imagining how to build such relationships and then in actually building them.

The specific method your Assembly, or the friends in your community, may choose for fund-raising can best be understood by asking how it affects the relationships you are building. First, what are the principles and teachings involved? If the Assembly is satisfied on that score, then it would ask itself how the friends will respond. If a certain type of fund-raiser is comfortable for your community and is consistent with Bahá'í principles, then it may be all right; if there are any concerns at all about whether it is undignified or divisive, then you might think of some other way to focus on the goals.

The best professionals understand the value of relationship-building in fund development. One of the most well-known fund-raisers says he never solicits because that is too much like begging, a profession he definitely would not choose for himself. He reports, however, that the people he approaches, who are generally quite well-to-do, often just want to be listened to; they have cares and concerns that no one suspects or cares about. Then, this professional says, he still doesn't ask for money, though now he has the ear of the person; rather he informs his listener until the listener asks how he can help.

Principle

Focusing Communications

Relationships can be developed better when we try to match our communications to the audience and to the task in hand. A few moments' consultation should be enough for the Assembly to realize that it is addressing several different audiences, even within the local community: various age groups, diverse cultural backgrounds, varying levels of active commitment to local programs, and women and men are just some of the characteristics Bahá'u'lláh has combined in your locality. Different life experiences lead people to hear things differently. An alert Assembly recognizes this reality and shapes its communications to reach as many of the various elements in the community as possible.

The Universal House of Justice pointed out the need for this approach when they said:

“The same presentation of the teachings will not appeal to everybody; the method of expression and the approach must be varied in accordance with the outlook and interests of the hearer. An approach which is designed to appeal to everybody will usually result in attracting the middle section, leaving both extremes untouched.”

THE UNIVERSAL HOUSE OF JUSTICE, *PROMINENT PEOPLE*, p. 4

This advice was in the context of teaching, but it would seem evident that the same principle applies in fund communications with the believers, too.

The foregoing is not meant to suggest that we adopt practices used in the general community which are inherently divisive. It is common, for example, to see charities give preferential treatment to those with more money: special activities, free tickets and dinners, and so on. People are induced to give more by offering to upgrade them from one “giving club” to another. Donors’ names are attached to buildings, furnishings, programs and even paving stones. These methods are of course quite alien to the Bahá’í way.

On the other hand, let us assume that a local community has a thorough, ongoing series of general communications and programs to ensure that the believers all know the Fund targets and requirements. Such efforts could be complemented by special gatherings devoted, say, to one of the permanent Bahá’í schools: invitations might go from the Treasurer or a willing community member to those who have expressed a special interest in that school, or individuals might be asked to prepare a deepening on the Guardian’s statements about the school. A field trip might be set up for children to visit the school and explore ways they could support it. A member of the school’s advisory committee might be asked to visit; groups of different sizes or compositions could meet with that person, in addition to a general community meeting. Lots of possibilities could be imagined, but the common thread is that each is designed to build or enhance the relationship the friends feel to, in this case, the school, so they can see what their personal role might be in helping the school achieve its mandate. It can be one thing to know the goal; it might be a very different thing to know what I can do to help meet the goal.

Application

There Are Different Kinds of Money

All money is green, right? But that apparent sameness is actually misleading. There are different kinds of money, because people come by it, and use it, in different ways. That’s fortunate, because the institutions need different kinds of money.

People will share some kinds of money easily, but they won’t share other kinds until a real relationship, and the trust that goes with it, has developed. The believer’s relationship with the institutions is, by definition, a strong one, but we know that effort is also required to strengthen and maintain it. As the Guardian wrote:

“Let it be made clear to every inquiring reader that among the most outstanding and sacred duties incumbent upon those who have been called upon to initiate, direct and coordinate the affairs of the Cause, are those that require them to win by every means in their power the confidence and affection of those whom it is their privilege to serve.”

SHOGHI EFFENDI, *BAHÁ’Í ADMINISTRATION*, p. 143

Principle

We might therefore be unwise simply to assume that these relationships will take care of themselves. Systematic thought needs to be given to ways of caretaking the spiritual links that flow from our common allegiance to the Cause.

What are the different “kinds” of money?

One kind comes from current earnings (a monthly pay-check, interest income on investments, etc.). It comes in and goes out each month and is used by the earner to pay current obligations. The Faith’s institutions have current obligations they must pay, too, so this kind of money fits that need exactly. This is short-term money for short-term uses, and it presently represents the bulk of the income to the various Funds.

The other kind of money is long-term—savings and investments of various kinds. Both individuals and institutions use long-term money to meet long-term needs. For the individual, those needs might be education, a home purchase or improvement, or retirement savings. For the institutions, such needs might be buildings, permanent programs or endowments.

Because it is harder for people to get and keep this second kind of money, they tend to be more attached to it. They will share it in an emergency, or if they are moved to support a long-term goal or objective. This is money people expect to live out their lives on; they want to try to make a lasting difference when they give it, not buy paper-clips and pay this month’s phone bill. The contributions from savings can be much larger than short-term money; but these large amounts are shared where trust exists, where a shared long-term goal is involved.

The institutions have both short- and long-term needs and requirements. There can be a power in understanding the difference between the two, and in matching long-term tasks with long-term money and vice versa. What does this mean in practical terms, though?

Application

Let us say a local Assembly wants to get a center. They are considering a campaign to raise \$500,000. The community is composed mainly of relatively young people living off their monthly wages. If the friends feel they are already giving as much as they can and are not big savers, an attempt to launch a local center campaign would need to account for this economic fact. The campaign’s time-frame might need to be longer. A Treasurer tempted to stand up in Feast and lament the lack of progress toward the center goal may alienate friends who feel they are already doing everything they can; more discretion would be required so as not to damage the relationships between the believers and their Assembly. Consultation will help strike the right balance: the friends’ capacity is probably greater than they think it is, but there are real limits, too, and they will affect the community’s readiness to move into its own center. The local Assembly has the job of assessing the real situation as best it can.

Application

Communication styles can also be tailored, not just in accordance with the different characteristics of the friends, but also with the different kinds of resources they

command. Meeting short-term operating needs might be accomplished by mailings and short presentations at the Nineteen-Day Feast. A long-term objective would likely require special meetings and other events designed to get unity of thought on the program's long-term benefits to the community and the Faith. More effective education and communication, matching the resource and the task, should assist in meeting all the goals.

Special Events and Campaigns

Much of what has been discussed above assumes the long haul, that is the ongoing, constant effort made to build relationships. As those relationships develop, the friends will come spiritually closer to the heart of the Faith and that closeness will be reflected in giving, teaching, service of all kinds. We will begin to see the mature response the Universal House of Justice hoped to see in our giving behavior, a pattern that is not characterized by the feast and famine cycle we have witnessed for so long.

The emergency campaign, what some call “crying wolf,” usually undermines the community's effort to show that mature response. There may sometimes be a wolf to cry about, but most times the impulse is best avoided.

At the same time, there is a value in special events and campaigns. The Campaign of Glorious Privilege, which ran in the United States between 1994 and 1996, stands out as an excellent example of how a campaign can build community.

Application

The first step was for the Local Spiritual Assembly to assess the real capacity of its community. Many did this with the help of trained volunteers who were prepared to challenge assumptions about the needs of the Arc Projects and the friends' ability to meet those needs. Relying on a degree of latent or unseen capacity and on the spiritual forces Bahá'u'lláh promises, many Assemblies felt moved to choose goals that even astonished themselves. They then set about designing an event, or a series of events, that would galvanize the community, raise its sights, and meet the goal.

Most communities found that their goals were easy to achieve because they began with universal participation. The events took on the character of a celebration. Everyone was invited and everyone had a task. Because that pattern was set from the beginning, the actual giving part became an extension of the activity already done. The lasting value of the campaign was its community-building aspect, enhanced by a shared sense of power and victory. It was thus no surprise to hear of communities reaching for new levels in teaching, deepening, and service, once they had had a glimpse of how much they really could do.

Let's look to the wealth of guidance offered by the Guardian and the Universal House of Justice for further direction regarding fund-raising:

“...Appeals of a general character, carefully worded and moving and dignified in tone are welcome under all circumstances...”

SHOGHI EFFENDI, *BAHÁ'Í ADMINISTRATION*, p. 101

“Undoubtedly there will be a time on the program of each Conference during which the needs of the Fund will be called to the attention of the friends, and facilities will be provided where the believers can quietly give contributions or record pledges. There should be no public display of contributing or pledging.”

THE UNIVERSAL HOUSE OF JUSTICE TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES, APRIL 3, 1967

“We have considered your letter of March 25, 1970 informing us of the programs you intended to launch in support of the fund for the erection of the Panama Temple.

“...We feel that the friends should be encouraged to approach their responsibility to contribute to the various funds in a mature manner, and that we should not have to resort to various devices for this purpose.

“There is certainly no objection to the friends devising, on their own, ways and means of reminding themselves of the need to contribute, including the use of coin boxes. And there is no objection to the friends discussing their ideas among themselves, but we think that there should be no organized program adopted along the lines you propose. Conversely, the National Assembly should do nothing to dampen the enthusiasm of the friends. Rather, they should seek to lead the friends slowly and lovingly to a true understanding of Bahá'í stewardship and sacrifice.”

THE UNIVERSAL HOUSE OF JUSTICE TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES, APRIL, 3, 1970

“...the devoted followers of Bahá'u'lláh have...every opportunity to contribute regularly and sacrificially to the work of the Cause. It is to a greater realization of the privilege and responsibility of supporting the multiple activities of our beloved Faith that we call you all at this critical time in world history, and remind you that to support the Bahá'í funds is an integral part of the Bahá'í way of life. The need is not only now, but throughout the years to come, until our exertions, reinforced by confirmations from on high, will have overcome the great perils now facing mankind and have made this world another world – a world whose splendor and grace will surpass our highest hopes and greatest dreams.”

THE UNIVERSAL HOUSE OF JUSTICE, LETTER DATED JANUARY, 3, 1985

“I feel that only such goods as are owned by believers, whether made by Bahá'ís or non-Bahá'ís, may be sold in the interests of the Temple or any other Bahá'í institutions, thus maintaining the general principle that non-believers are not, whether directly or indirectly, expected to contribute to the support of institutions that are of a strictly Bahá'í character. As to the manner of the disposal of Bahá'í property (items owned by individual be-

lievers) for such purposes, and the channel through which the sale may be effected, I feel that no rigid rule should be imposed. Individual Bahá'ís are free to seek the help of private individuals or of Spiritual Assemblies to act as intermediary for such transactions. We should avoid confusion on one hand and maintain efficiency on the other, and lay no unnecessary restrictions that would fetter individual initiative and enterprise.”

WRITTEN ON BEHALF OF SHOGHI EFFENDI, JANUARY 4, 1929, IN *BAHÁ'Í FUNDS: CONTRIBUTIONS AND ADMINISTRATION*, P. 15

“As to the sale of personal items for the benefit of Bahá'í funds, we begin with the principle that any believer may sell personal services or goods to anyone and do with the proceeds as he wishes, including giving any or all of them to Bahá'í purposes. In doing so, however, he should not represent to non-Bahá'ís that such a sale is for the benefit of a Bahá'í fund as it is also a principle that it is improper to solicit funds from non-Bahá'ís in the name of the Faith for any purpose. This includes the sale of food and admission to entertainment.”

WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, JANUARY 15, 1984 IN *LIGHTS OF GUIDANCE*, P. 252

“First there is the principle that any believer may sell personal services or property to anyone and do with the proceeds as he wishes, including giving any or all of them to Bahá'í purposes. Thus if a Bahá'í concert artist gives a concert to which admission is charged, he is free, if he so wishes, to give the money so earned to the Fund or to any charity of his choice. In giving the concert, however, he should not represent to non-Bahá'ís that the concert is for the benefit of the Bahá'í Fund or is given on behalf of Bahá'ís for a charity, which brings us to the second principle: that it is improper for Bahá'ís to solicit funds from non-Bahá'ís in the name of the Faith for any purpose. If a non-Bahá'í insists on making a monetary contribution it may be accepted with the express understanding that it will be used only for charitable or philanthropic purposes, but such contributions should be discouraged, not encouraged.”

THE UNIVERSAL HOUSE OF JUSTICE: FROM A LETTER TO A LOCAL SPIRITUAL ASSEMBLY, MARCH 19, 1973

“In reviewing your Minutes for 15 March 1967, we note Item 25-8 which the Treasurer suggests a lottery as a means of disposing of a Persian carpet which had been given to you by one of the believers. We do not feel this is an appropriate way in which to raise funds...”

“As to participation in Bingo games by a Local Spiritual Assembly with the intention of contributing to the Fund, we do not feel it is appropriate for funds for the Faith to be raised through games of chance or raffles.”

ENCLOSED WITH A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, NOVEMBER 20, 1980

“There is, however, a wide range of fund-raising activities in which Bahá'ís may engage. For example, Bahá'í institutions are free to approach govern-

ments or institutions which hold themselves out as wishing to fund charitable activities, to apply for grants to assist in specific humanitarian projects. A Bahá'í School which has both Bahá'í and non-Bahá'í pupils is free to raise funds for its own development by such activities as concerts, etc... or by appeals to parents; in this instance, a humanitarian institution is clearly identified, and the funds are being collected in its name rather than in the name of the Faith. Another example is that of a Bahá'í who wishes to sell an item he owns to the general public for a fair market price; he is free to use the proceeds for any purpose he wishes, including contributing them all or part to the Bahá'í Fund provided he does not represent to the public that the sale is being conducted for the benefit of the Faith.

“There would be no objection to the Bahá'í community's joining with others to give a concert or undertake some other similar activity to raise funds for a deserving charity. Such activities or even the making of donations to humanitarian work should be, and should be seen to be, acts of sincere assistance and co-operation. In choosing to engage in such fund-raising, a Bahá'í community would need to ensure that assisting the charity would not have partisan political implications or support purposes contrary to the interests of the Faith. It would need to watch carefully that its involvement in such activities does not divert its energies from the vital work of teaching the Faith and consolidating its Institutions.”

FROM A LETTER WRITTEN ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE TO THE NATIONAL SPIRITUAL ASSEMBLY OF CANADA, DATED AUGUST 20, 1987

Principle

Saying Thank You

Most professional “shops” pay a lot of attention to saying thank you, to acknowledging gifts. They understand the importance of this discipline in building good relationships. They may even have detailed specifications—a letter before 48 hours, signed by someone in the organization appropriate to the size or importance of the gift, is a common approach.

In a Bahá'í context, it is not quite so simple. We pay less attention to the amount and instead think about the level of sacrifice involved; confidentiality is carefully preserved; and the relationships run between the believers and the institution, not an individual serving the institution. We generally do not know what sacrifice is involved, and do we really know whether a donation represents generosity? So how can we properly acknowledge a gift?

Application

An acknowledgment needs to be in a form the donor appreciates—that is the key concept to remember. Saying thank you for a large amount just because of its size is *not* something most believers really appreciate; they know the Teachings as well as the Treasurer does.

A general mention at Feast, however, that contributions that month, or even a special contribution received during the month, has made a certain success possible, might be more well-received. A letter from the Local Spiritual Assembly to someone who has demonstrated staunch support over a period of time would suit some of the friends. Some celebration of a particular sacrifice and the spirit in which it is given may be appropriate in certain cases; a short note to a child that can help build behaviors that will bless and protect the young person all their lives is almost always welcome.

The above examples suggest that:

- Most friends want to know their offering has made a difference
- The Treasurer's sense of grace, kindness and balance is essential
- Acknowledgments are a "case by case" matter

The Professionals and the General Public

There is a bibliography (see Appendix E) that gives titles of some of the books the Office of the Treasurer has found helpful in its own attempts at service. These are by professional authors who are not (yet!) members of the Bahá'í community. We would urge you to find and read these books. Not everything in them is suited to the Bahá'í work; you will want always to filter what you discover there through the Teachings. But there is much of value that will enhance your service to your community and help you establish links with people at lots of other non-profit organizations (an activity you will find rewarding in many ways). When in doubt about any method, consult!

Many Assemblies have approached the national Office of the Treasurer asking about raising money for local charities of various kinds. This type of activity can be a useful addition to the proclamation and external affairs work of the Local Spiritual Assembly.

It is surprising, however, how many local Treasurers feel that while we cannot solicit contributions from the Bahá'ís, solicitation and some of the more hard-edged fund-raising techniques are fine for these other pursuits! Suffice it to say, Bahá'u'lláh's Teachings are intended for everyone; a spiritual principle works in every situation, and actions that do not rest on spiritual principle will always lead to problems.

The following chart may be useful as your community consults about the next fundraiser:

FUNDRAISER FEASIBILITY

Before planning a fundraising event for the Baha'i Funds, we can ask ourselves..."Does the event..."

Auctions	Car Washes	Garage Sales	Concerts/Plays	Races/Walks	Dinners
----------	------------	--------------	----------------	-------------	---------

1. strive to create love in the hearts of the believers?
2. build and strengthen relationship between believers & institutions?
3. uphold the dignity of the Faith?
4. preserve the devotional aspect of giving to the Fund?
5. remain consistent with Baha'i Principles?
6. promote unity among believers?

We are always encouraged to turn to the Sacred Writings and our Local Spiritual Assemblies for guidance.

The Treasurer, particularly in larger communities, may be called upon to answer questions about estate planning and/or planned giving. While it is not necessary to be an expert in either field, it would be a service to your community if you have an awareness of the resources which are needed and their availability should the friends have questions concerning these matters.

Estate Planning

The phrase *estate planning* seems to imply for most of us a complicated financial process which only applies to those expecting to leave large amounts of property or cash when they pass. In fact, estate planning is simply the process of arranging our affairs to facilitate the orderly disposition of our property at passing. Most of us have some property, such as Bahá'í books or a few treasured items, which we would wish to have passed to someone close to us. This must surely be one of the reasons why Bahá'u'lláh requires that we prepare a will:

“Unto everyone hath been enjoined the writing of a will. The testator should head this document with the adornment of the Most Great Name, bear witness therein unto the oneness of God in the Dayspring of His Revelation,

and make mention, as he may wish, of that which is praiseworthy, so that it may be a testimony for him in the kingdoms of Revelation and Creation and a treasure with his Lord, the Supreme Protector, the Faithful.”

BAHÁ'U'LLÁH, *THE KITÁB-I-AQDAS*

Preparation of a Will

Application

To convey their wishes clearly, it is highly recommended that the friends engage the services of an attorney who is knowledgeable in the preparation of wills. Holographic (handwritten) wills are not legal in some states and can be more easily contested in others. There are computer software packages available for will preparation which may be used as an assistance in gathering necessary information and in organizing one's thoughts, but in all cases it is advisable to have an attorney review any document by whatever means it is prepared.

Bequests

A bequest is a gift made through the believer's will to the Bahá'í Faith. Every Bahá'í has the opportunity to make a bequest. Over the years the Institutions of the Faith have benefited from the generosity of a great many believers who, in meeting their obligation to have a will and testament, have also chosen to leave a portion of their worldly goods to the Faith.

Types of Bequests

If you make a bequest to the Bahá'í Faith in your will, you may choose to make the bequest in any of the following ways. An attorney will be able to help you decide which type of bequest best meets your wishes for supporting the Faith.

Specific Bequest:

A bequest of a specific item which is distinguishable from all other items, for example, “my Bahá'í library”, “my oriental rug”, or “my shares in XYZ Mutual Fund.”

General Bequest:

A bequest of property that is similar to all other items of the same kind, usually cash.

Devise:

A bequest of real property.

Residual Bequest:

A bequest of all or a portion of the rest of the estate after specific and general bequests are distributed.

Contingent Bequest:

A bequest to take effect only if the primary intention cannot be met or if the beneficiary predeceases you, the donor.

Percentage Bequest:

A bequest based on a percentage of the residue (what is remaining in the estate after all other expenses and bequests are met) or a percentage of a particular asset.

Questions & Answers

- Q.** AM I REQUIRED TO LEAVE A BEQUEST TO THE FAITH AS A BAHÁ'Í?
- A.** No. We are required to have a last will and testament, however, we are not required to make a bequest to the Faith. Bahá'u'lláh makes it clear in the Kitáb-i-Aqdas that at our passing we are free to have our estate distributed as we see fit.
- Q.** SHOULD I BEQUEATH MY ESTATE AS OUTLINED IN THE KITÁB-I-AQDAS?
- A.** Bahá'u'lláh has granted us the right of leaving our possessions to whom ever we wish. The estate distribution outlined in the Kitáb-i-Aqdas is to be used in the event that one dies intestate - without a will. Until such time as the laws of the Kitáb-i-Aqdas are completely in force, however, estate distribution is determined by civil law if there is no will.
- Q.** WHAT TYPE OF BEQUEST IS BEST?
- A.** As with all our other contributions to the Faith, our bequests can be whatever we wish and are completely confidential if we so desire. There are a number of forms that a bequest can take. (See list on previous page). The choice is dependent on one's circumstances and preferences and is completely up to each believer.
- Q.** SHOULD I INFORM THE NATIONAL SPIRITUAL ASSEMBLY THAT I AM LEAVING A BEQUEST?
- A.** It is always helpful for the National Spiritual Assembly to know of your

planned bequest so that the Spiritual Assembly will have the opportunity to extend its appreciation to you. The decision to inform the Assembly or not is, however, your choice.

If You Choose To Make a Bequest. . .

Like any other contribution to the Bahá'í Faith, you can make the bequest to the Local, National, Continental, International Fund, or a portion to each Fund. In designating the Fund(s) that you wish to benefit from your gift, use the following legal titles:

The Universal House of Justice, Haifa, Israel
Continental Bahá'í Fund for the Americas
National Spiritual Assembly of the Bahá'ís of the United States,
an Illinois not-for-profit corporation
Spiritual Assembly of the Bahá'ís of (locality - name and state)

Unlike contributions during your lifetime, bequests made directly to international organizations are tax deductible (per Section 2055 of the Internal Revenue Code). However, bequests to the Universal House of Justice and the Continental Bahá'í Fund for the Americas can be cleared through probate more efficiently if they are made to “National Spiritual Assembly of the Bahá'ís of the United States for the benefit of the Universal House of Justice (or the Continental Bahá'í Fund).” This precludes the necessity of forwarding the release documents to the World Centre, or to the Continental Bahá'í Fund, for review and signatures.

For additional information on preparing your will, see the pamphlet entitled “*The Writing of a Will*” (see excerpts at the end of this chapter).

Planned Giving

Planned giving, sometimes referred to as gift planning, is the process of establishing the means and methods to make a large gift, usually to charity, in this case the Faith, and usually after death. Planned giving is often a part of the estate plan, particularly when the gift is made as a bequest or when a gift annuity is established through the National Spiritual Assembly.

Planned giving can be as simple as naming the Bahá'í Faith in one's will. It can involve establishing a gift annuity through the National Bahá'í Fund or contributing to a pooled income fund set up by the National Fund (not yet available). Planned giving can also be more complex, including a variety of trust arrangements. The more complex vehicles usually require the expertise of professional estate planners or attorneys. Making gifts of appreciated securities (stocks) is also a type of planned giving (see Chapter 6). The benefits to the believer often range

from considerable current and/or future tax savings on an estate, to avoiding probate entirely. (Probate is the legal process—often a lengthy one—of settling the affairs of the deceased.)

The most important thing for the local Treasurer to know, and to be able to convey to the friends, is that there are ways for the believers to arrange their affairs to benefit themselves in life, and their families at their passing, and that many of these methods also afford an opportunity to make gifts to the Faith larger than they may ever have dreamed possible.

Estate Planning and Planned Giving Resources from the Office of the Treasurer

The following materials are available from the Office of the Treasurer. Multiple copies are available at a nominal cost.

- A Planned Giving packet is filled with information about making gifts using the methods described above.
- *The Writing of a Will* is a brochure explaining the importance of having a will and the first steps to take in meeting this law of the Kitáb-i-Aqdas.
- *Where There's A Will* is an outline for presentation of a wills workshop, is also available. The Local Spiritual Assembly and/or its Treasurer may wish to arrange wills workshops on an annual basis to assist the friends in meeting this obligation. Qualified attorneys, Bahá'í or non-Bahá'í, can be engaged to conduct these workshops using this outline. Non-Bahá'í attorneys should be familiar with the Bahá'í Faith and its teachings and regulations (e.g. the burial laws) regarding wills. Any presenter should be gently reminded that this occasion is not for the purpose of soliciting business.
- *Ways to Give* is a brochure which describes many of the financial arrangements available including some detail about how each one works. This booklet is a useful handout at wills workshops.

In addition, the Treasurer can assist the local Assembly to:

- Make available written information about wills preparation. The Treasurer should have available copies of *The Writing of a Will* available by the dozen at a nominal cost.
- Plan a wills workshop at least once each year for the community. Order a free copy of *Where There's a Will*, a lesson outline for wills workshops.

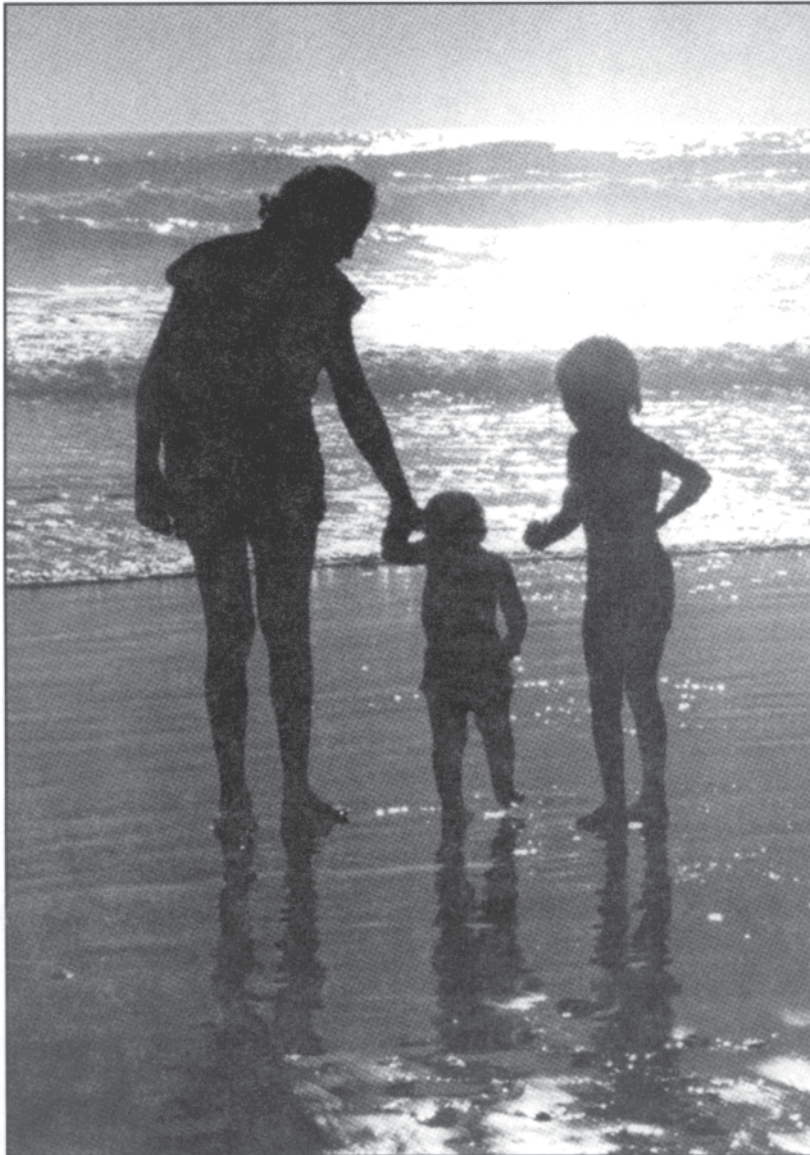
Application

-
- Plan a separate wills workshop for youth with particular emphasis on writing the testimony. Holographic (handwritten) wills are sufficient for this purpose.
 - Explore the possibility of engaging an attorney to hold a wills clinic to prepare wills for those whose wills are simple—particularly youth.
 - Research the sources of estate planning and planned giving information in your community and compile a list of the specific services offered by each. These would include bank trust officers, attorneys, estate planning consultants, insurance brokers and the Development staff in the Office of the Treasurer at the Bahá'í National Center. (Be careful not to endorse any particular bank, attorney, or estate planner, however, as this could represent a responsibility for the Local Spiritual Assembly.)
 - Consider offering informational meetings with a panel of experts where the friends can learn more about these matters. Include an estate planner and an attorney on your panel. Again, be cautious not to endorse, or appear to endorse, any particular professional and be clear with the panel participants, Bahá'í and non-Bahá'í, that it is inappropriate to use this occasion to solicit business.

The following section contains excerpts from *The Writing of a Will* for the reader's easy reference.

Unto everyone hath been enjoined

the Writing of a Will



“The execution of the provisions of the will causes the spirit of the deceased to rejoice in the Abhá Kingdom.”

—WRITTEN ON BEHALF OF SHOHI EFFENDI

Importance of the Will and Testament

“Unto everyone hath been enjoined the writing of a will. The testator should head this document with the adornment of the Most Great Name, bear witness therein unto the oneness of God in the Dayspring of His Revelation, and make mention, as he may wish, of that which is praiseworthy, so that it may be a testimony for him in the kingdoms of Revelation and Creation and a treasure with his Lord, the Supreme Protector, the Faithful.”

—BAHÁ'U'LLÁH, *THE KITÁB-I-AQDAS*

Disposing of Possessions

“A person has full jurisdiction over his property. If he is able to discharge the Ḥuqúqu'lláh, and is free of debt, then all that is recorded in his will, and any declaration or avowal it containeth, shall be acceptable. God, verily, hath permitted him to deal with that which He hath bestowed upon him in whatever manner he may desire.”

—BAHÁ'U'LLÁH, *THE KITÁB-I-AQDAS*

The Advantages of a Will

- A will specifies who is to receive your possessions when you die. Through a will you can assure that your property goes to the people and institutions most important to you during your life. A will is an efficient means for assuring that your Bahá'í books and archival materials go where you wish.
- Having a will avoids intestacy, which is the condition of being without a will at death. Currently in the United States, in cases of intestacy, civil laws dictate the distribution of the estate without regard to the wishes of the deceased. There is no provision for a bequest to the Faith without a will.
- The will provides a vehicle for giving to the Funds of the Faith. The will is one of the least expensive and easiest methods of preserving this benefit to the Faith.
- Your will can nominate the persons to serve as guardians of your children, and facilitate your desire that they be reared as Bahá'ís.
- A will allows your estate to be passed on in an efficient and effective way, reducing taxes where possible and providing proper management of assets.
- Through a will you select the individual to administer your estate.
- A will allows you to provide financial security for those beneficiaries who have special circumstances, such as minor children, disabled or elderly persons, and those who cannot manage their inheritance.

-
- In your will you can name an executor to carry out its provisions. The person you name as executor should be someone who knows your family and business circumstances well. This will enable the executor to manage your estate according to your wishes.

Five Steps to a Successful Will Plan

1. **CAREFUL REFLECTION.** Think carefully about your true objectives. Desires often conflict with necessities. Practical considerations may differ from ideals. Equity among beneficiaries may be financially impractical. A husband may think, “I want to leave everything to my wife!” Upon reflection, however, he may realize his real objective is providing financial security for his family. A mother may think, “I want to leave \$20,000 to my daughter.” Her real objective, however, may be to put her daughter through college. The point is that in preparing your will, think first about your ultimate objectives. Write down the things you would like to accomplish through your will, leaving aside how it is to be done. Consider the following letter written on behalf of Shoghi Effendi: “. . . even though a Bahá’í is permitted in his will to dispose of his wealth in the way he wishes, yet he is morally and conscientiously bound to always bear in mind, while writing his will, the necessity of his upholding the principle of Bahá’u’lláh regarding the social function of wealth, and the consequent necessity of avoiding its over-accumulation and concentration in a few individuals or groups of individuals.”
2. **CONSULTATION.** Talk over your objectives with your family and advisors; get their advice on what your will should provide. Be candid about your feelings and the needs of your beneficiaries. Your advisors will need specific facts about your assets, income and obligations—as well as your objectives. The more information you give them the more they can help. At this point, decide the specifics of your will: the amounts, percentages or specific properties to be bequeathed to each beneficiary; whether bequests are to be outright or in trust; contingency provisions; persons to be nominated such as executors, trustees, etc.
3. **SKILLFUL DRAFTING.** A will is a legal document and must therefore be drafted carefully. You must include all the important provisions that will assure your objectives are met. Be concerned about various contingencies, the legal powers of your executors, the source of funds for paying debts, costs and taxes, possible common disaster, apportionment provisions, and the exact names of all beneficiaries. Make sure that your will is drafted, signed and witnessed as required by state law. It is advisable to have a lawyer draft your will if your estate is complex (e.g., includes a business, large real estate holdings, partnership interest, etc.). The will should include the Testimony, prepared and given to the drafter for inclusion in the will. The Testimony is a personal statement of one’s belief as described by Bahá’u’lláh in the Kitáb-i-Aqdas: “The testator should

head this document with the adornment of the Most Great Name, bear witness therein unto the oneness of God in the Dayspring of His Revelation, and make mention, as he may wish, of that which is praiseworthy, so that it may be a testimony for him in the kingdoms of Revelation and Creation and a treasure with his Lord, the Supreme Protector, the Faithful.”

4. **REVIEW YOUR WILL.** Your lawyer will probably draft your will based on current conditions, laws, asset values, planning techniques, and financial needs and objectives. These factors can and do change. Your will must change with them. To be safe, take the time, at least once every other year, to review your will in light of your current circumstances.
5. **SAFEKEEPING.** Your carefully written will may be meaningless unless it can be found at the time of your death. You should always keep the original will in an easily accessible place in order to be able to destroy it if you write a new will. Your own safety deposit box may not be the best place to keep your will because, in many states, safety deposit boxes are sealed immediately upon the death of the lessee. A better place would be a fireproof home safety box, but this is only useful if you have left instructions with trusted individuals as to the location of the box and how to open it. However you decide to safeguard your will it is important that it can be located quickly when it is needed.

Checklist for Preparing Your Will

You will need to disclose fully to your lawyer all the facts concerning your property. You also need to supply personal information about yourself and your family, and others to whom you wish to give part of your estate. All of your lawyer’s questions are intended to obtain from you the information needed to draw up a will that meets your particular needs and desires. Your lawyer has the legal duty to maintain in strictest confidence the information you give. Before preparing your will or visiting your lawyer, make a list of your personal affairs. This will assist the preparation of your will. Make several copies of the list. Keep one where your spouse, executor or close friends can find it in an emergency. This list will be extremely helpful to your executor in administering your affairs. This list should include:

1. Your legal name.
2. Address of your permanent residence. (If you have more than one residence, list the address of each.)
3. Date and place of birth.
4. Social Security number.
5. Name and address of your employer and your accountant.

-
6. The full legal names (do not use nicknames), addresses, and ages of your immediate family members, indicating their relationship to you (e.g., sister, cousin). It is also important to identify any family member who is unable to manage his or her own affairs.
 7. Your spouse's legal name.
 8. Date and place of marriage. Place where your marriage license can be found. If you have been married previously, note the name of any deceased or former spouse(s) (only necessary if there is financial obligation currently such as alimony). If divorced, which court granted the final divorce decree; the date of decree, whether contested, and who brought the action. If legally separated, give all pertinent details and place where the separation agreement can be found. Provide a copy of the prenuptial agreement if you entered into one.
 9. The full names and birth dates of your children (both natural and adopted). If they are beneficiaries, at what age should they receive their distribution? If one predeceases you, how should this share be distributed?
 10. The full names and addresses of any other intended beneficiaries.
 11. Do you have the right to exercise a power of appointment under someone's will or trust? Show your lawyer a copy of the document granting that power.
 12. Where are your income and gift tax returns kept? Provide your attorney with copies of your tax returns for the past two years. Also provide name and address of preparer.
 13. Regarding real estate which you own, but only if the property goes to a specific beneficiary and is not included in the residue of the estate, provide the following:
 - (a) Present value.
 - (b) Your cost-basis.
 - (c) Any mortgage on the property by yourself? Jointly? With whom?
 - (d) Provide a legal description of any property you own.
 14. Regarding your personal assets (other than real estate) provide the following:
 - (a) Approximate value of each.

-
- (b) Debts owed to you. If any debts owed to you are in the form of legal notes, make copies.
 - (c) Is the property jointly owned?
 - (d) List in detail valuable items (jewelry, antiques, oriental rugs, etc., and items of sentimental value).
 - (e) Designate to whom you wish to give each of these assets. It is preferable to dispose of assets in shares or percentages rather than by individual asset.
15. Also provide the following information or documents are they apply to you:
- (a) Pension, profit sharing, stock options, or any other employment benefits. Which benefits are payable upon your death?
 - (b) The approximate amount of your debts. Give names and addresses of persons to whom you are indebted and the basis of your liability.
 - (c) The names and addresses of those you wish to serve as your executor, trustee (if any), and guardians (if any). List at least one alternate for each.
 - (d) Copies of any employment contracts, buy-sell agreements or stock purchase plans you have.
 - (e) Life insurance policies owned by you on your life (indicate owner), and policies owned by you on the life of others.
 - (f) Annuity policies owned by you including name and address of each company, policy number, principal beneficiaries, and whether loans were made on any of the policies.

Burial

The following sample paragraph, incorporating all the requirements which are binding on western believers at this time, may be used to state the desire for a Bahá'í burial:

Being of the Bahá'í Faith, it is my desire to be buried in accordance with Bahá'í law. In brief, that law states that the body should not be carried more than one hour's journey from the place of death to the place of burial; that the body should not be cremated; that the prayer for the dead be recited if the deceased is a Bahá'í of fifteen years of age or more; that the body not be embalmed unless required by civil law; and that the funeral be carried out in a simple and dignified manner.

Sample Memorandum to Accompany a Husband and Wife's Will

Being of the Bahá'í Faith, we request our executors and the members of our family upon our deaths to abide by the following:

1. Under no circumstances shall our bodies be cremated.
2. A Bahá'í funeral service should be conducted for us.
3. We should be buried at some suitable plot within one hour's journey from the place of our deaths.
4. Unless required by the laws of the United States or of the state in which we are domiciled at our deaths, our bodies should not be embalmed.
5. All of our religious papers, books and correspondence shall be given and entrusted to the local Spiritual Assembly of the Bahá'ís of the area in which we are domiciled at our deaths or the nearest Assembly thereto, unless our wills shall stipulate a different distribution.
6. Our children should be reared as Bahá'ís.

Name _____ Date _____

The greatest need of all peoples
is for the Faith itself,
so that they may know the destiny
towards which they as individuals
and as members of society
must strive, and will learn from the teachings
those virtues and methods which will enable them
to work together in harmony, forbearance
and trustworthiness . . .

— *The Universal House of Justice*

5. Budgets, Goals, and Audits

Preparing a Budget

Anything worth achieving is worth planning for. This is especially true when our meager resources must accomplish so much. Tackling the immense job of building the Kingdom involves setting and meeting goals. Goal-setting involves planning what the Assembly wants to do and how it will be accomplished. It is not enough to spend money; as the House of Justice advised the Counselors at the outset of the Four Year Plan, funds must be spent “judiciously” in order to get the best result with the least investment of resources.

Who Prepares the Budget and When?

Although the Treasurer plays an important role in preparing the budget, the Assembly as a body is responsible for developing the financial plan, as the budget is often described. The task of preparing the budget should begin in February or March with local committees submitting estimates of resources they will need during the coming year.

Alternatively, the Assembly may advise its committees how much it is prepared to provide during the coming year, based on its assessment of goals and income, and ask them how they will spend an allocated portion of the total in order to get the best results. The Assembly, possibly with the aid of a Budget Committee, then develops a proposed budget. To assist with this task, the Assembly will receive a packet of materials each year from the Office of the Treasurer including the Budget Worksheet and the Financial Report to the National Spiritual Assembly.

The Budget Worksheet

In March the Assembly should prepare the Budget Worksheet. Please look at the materials at the end of this chapter for a sample of this form. You should feel free to modify the worksheet to suit your community’s needs.

In the first column of the worksheet, list the estimated actual income and expenses for the remainder of the current year (how much you think your total

income and expenses will be for each category through April 30—the end of the Bahá'í fiscal year). You would total the amount you have taken in or spent to date in each category and add to this the amount you expect to receive or spend by the end of the year. The resulting numbers, though approximate, will be accurate enough to help compare last year's budget (listed in the second column) to actual, and to assist in planning a budget for the coming year.

Set Goals for Contributions to the Various Funds

The Local Spiritual Assembly needs to set a goal for its own contributions to the various Funds, and in the case of the National Bahá'í Fund, advise its chosen commitment level to the National Spiritual Assembly. In addition, the community will need targets for its joint support to the international, national and local work of the Faith.

In order to set these goals, the Assembly should consult on the amount of money it plans to provide to the Funds during the year. One method of estimating this amount is to use contributions of recent years as a guideline. The Assembly would wish to consider increasing its goals, at least to offset the effects of inflation. When the Assembly arrives at goals that are challenging, divide this amount by nineteen. The resulting number is called the *Monthly Contributions Goal*; individual goals for the major Funds may be set that would add up to the monthly contributions goal.

Contribute Regularly to All Bahá'í Funds

There are priorities for contributions which have been set by the Guardian and the Universal House of Justice. Regular giving to all the senior Funds should be a consistent pattern for the Local Fund, just as it is for the National Bahá'í Fund. This continuous and regular flow of money through the Administrative Order strengthens the Cause both in this country and throughout the world.

Once your Assembly decides the monthly amount it wishes to contribute to the National Bahá'í Fund and the International and Continental Funds, it is then the Treasurer's obligation to make sure this contribution is sent with unfailing regularity.

The third column of the worksheet is used to develop a proposed budget for the new year. To prepare such a budget, we suggest that the Assembly use a procedure similar to the following:

- Decide some short- and long-range goals for the growth and development of the community. These goals will be modified as programs are actually carried out and circumstances change, but by consulting about some of the alternatives, the Assembly and community increase their capacity to use new circumstances for the Faith's benefit.
- Review committee requests for resources (or make tentative resource allocations).

-
- Include an annual payment (currently \$100) to cover the cost of the Liability Insurance the National Spiritual Assembly provides for each Local Spiritual Assembly and Group (see the Request for Certificate of Insurance at the end of this chapter).
 - Estimate available resources such as money, manpower, supplies and equipment. A good way to estimate how much money you will have to work with is to look at past years' levels of contributions. Then adjust this number up or down according to the current condition of your community.
 - Make plans to win your community's goals; these should be as specific as possible with room for flexibility. Decide how and when the plans will be carried out. Ideas can come from the Assembly, its committees and from the community, either at the Feast, or through meetings specially called for this purpose.
 - Estimate the cost of each plan.
 - Arrange the plans in order of importance.
 - If it looks as if your plans are going to cost more than you will have (which is usually the case), now is the time to balance the budget. Try adjusting your plans, cutting unnecessary costs or finding less-costly ways of accomplishing the same goal—creativity is important here! Some projects may have to be eliminated, starting with those of lesser importance.
 - Fill in the dollar amounts for each category of the proposed budget. (NOTE: After the first five steps have been completed, the Assembly may want to appoint several individuals—a budget committee—to develop a proposed budget for the approval of the entire Assembly.)

The Financial Report to the National Spiritual Assembly

The Budget Worksheet is a tool to assist the Assembly in preparing its Financial Report to the National Spiritual Assembly. After Riḍván, the Assembly should review, revise if necessary, and approve the proposed budget and then prepare and submit the Financial Report to the National Spiritual Assembly. This report (please see example at the end of this chapter) asks you to list actual income and expenses for the recently completed fiscal year and to give the Assembly's final, approved budget (including the monthly contributions goal) for the new fiscal year. ***A copy of this report should be sent to the National Spiritual Assembly no later than June 30th.***

Use the Budget as a Guide

Since the budget takes the Assembly's plans and goals and expresses them in financial terms, it also becomes the basis for everything the Treasurer does during the year. Checking the budget regularly ensures that resources are being used as intended. There may be times during the year when the Assembly will want to make changes in its budget due to changing conditions in the community.

Automatic Contribution System

One of the best ways to support your community's contribution goals is to utilize the Automatic Contribution System (ACS). The financial stability provided by the ACS plays a vital role in the National Spiritual Assembly's efforts to build a sound financial foundation for the national and international work of the Cause. Assemblies, Groups and individuals who give in this regular, systematic way find it to be a wonderful way to simplify their work, and a great way to ensure that their giving goals are met.

Individuals, Groups and Assemblies may use the Automatic Contribution Enrollment Form at the end of this chapter to enroll in this program. A voided check (not a deposit ticket) should be included with the form to ensure the accuracy of the account and bank information. Once the contribution information is received and processed by the Office of the Treasurer's accounting department at the Bahá'í National Center, automatic withdrawals are made between the 20th and 30th days once per Gregorian month.

If for some reason funds are not available in the account at the time of withdrawal, the automatic debit will be reversed, and the Office of the Treasurer will be notified. The automatic withdrawal will be reset to retry at the normal time the following month. Your bank account should be reconciled each month with this in mind.

Community Honor Roll

Local Spiritual Assemblies and Registered Groups who demonstrate excellent patterns of giving to the National Bahá'í Fund by meeting the following criteria are featured in the annual Community Honor Roll publication:

- Give 15 times (or more) during at least 12 of 19 Bahá'í months; or
- Give (through the ACS) during at least 10 of 12 Gregorian months between March and February of the Bahá'í year

In addition to the criteria mentioned above, Local Spiritual Assemblies and Registered Groups who submit their community goals (through the *Financial Report to the National Spiritual Assembly*) and annual audits for the fiscal year ending April 30th (due by June 30th) are recognized. Communities who demonstrate such regularity, consistency, responsibility and reliability in giving show mature and unified action so appreciated by the National Spiritual Assembly.

Communicating Goals to the Community

There is a variety of ways the Assembly can encourage and support the local community in reaching and celebrating their contribution goals. Some years ago a “Candle Chart” was created as a visual aid used to assist communities in “seeing” how their contributions to the Fund make a difference.

The “Heart Chart” and the two-page “*My Diary of Giving and Growing*” (published in the July/August 1998 issue of *Brilliant Star*) were designed to be used as fund teaching tools for children and youth (see both at the end of this chapter). Perhaps one of these ideas could be useful in teaching your community about the importance of regular giving. Maybe they will inspire one of the friends to create a new visual aid for tracking your community’s fund contribution goals!

Contributions In Honor and In Memory

The Office of the Treasurer, on behalf of the National Spiritual Assembly, offers a unique way of remembering loved ones who have passed on, as well as friends and relatives who may be celebrating a special occasion.

Friends can honor or remember the important people in their lives and at the same time help to meet their community goals by completing the necessary information requested on the “In Honor” or “In Memory” forms (see the end of this chapter for the originals). Local Assemblies and Groups can use this method, as well, as a way of expanding the options the friends have in sending their gifts to the various Funds.

The Annual Audit

Preparing for the Audit

Throughout the year the Treasurer prepares for the annual audit by following these steps:

- Canceled checks and deposit tickets should be in order and bundled with their bank statements
- Bank accounts should be reconciled monthly

-
- Paid bills should be put in order by date
 - Contribution receipts should be in numerical order

Who Are the Auditors and What Do They Do?

We generally assume that a Bahá'í Treasurer is not only honest, but is capably handling the affairs of the Fund at all times. Though honesty and thoroughness are *expected*, an audit of the Treasurer's records protects the Assembly, the believers, and the Treasurer. Furthermore, the audit provides an opportunity for two independent observers to evaluate the Treasurer's methods and make constructive suggestions for improvement.

The Assembly should appoint at least two individuals (not necessarily Assembly members) to check the Assembly's financial records shortly after April 30th each year. The Treasurer should not serve as an auditor, but should be available to assist. The auditors should perform the following tasks:

- Use the audit procedures provided at the end of this chapter
- Check and total all receipts for the year and make sure that the same amount was deposited in the bank and that deposits were made on a timely basis
- Be sure the bills were paid promptly and accurately, comparing canceled checks with the copies of the bills
- Prepare a statement for the Assembly reporting the results of the audit including suggestions the auditors may have for improving the Treasurer's system. Use the "sample only" form on the last page of the Audit Procedures to serve as an example of a written report.

What if the Books Don't Balance?

Suppose the auditors have just spent many hours going over the books. They know there is an error, but they do not know where. What should they do?

If the auditors find errors, they should report them to the Assembly. It is then the Assembly's task to decide whether to make an adjusting entry in the books or to investigate the situation further. It is usually best to make a correcting entry for errors of only a few dollars which cannot easily be traced back to their point of origin. It is important, however, for the cash journal's CASH IN BANK to agree with the bank's records at the beginning of the new fiscal year. Carrying an error into the next year's books only complicates matters.

The Assembly may want to authorize an audit at other times during the year—after a change in Treasurer, for instance. For large communities, the Assembly

may hire the services of a qualified Public Accountant. Until your community has a center or other property, it is probably sufficient to appoint two Bahá'ís to audit the financial records.

What about Confidentiality?

The Treasurer maintains records of receipts and disbursements on behalf of the Local Spiritual Assembly. These records are the property of the Assembly and, as such, are available to that body at any time. These records are held in confidence within the institution. No individual is given access to them except with the permission of the Local Spiritual Assembly.

It is up to the Assembly to select individuals who will maintain the confidential nature of the records they examine as auditors. An audit assures the believers and the Assembly that money is being handled properly. It does not jeopardize the confidentiality of an individual's contributions.

AUTOMATIC CONTRIBUTION SYSTEM (ACS)

For Individuals, Bahá'í Groups and Spiritual Assemblies

Checking Account Information: (Please send a voided check from this account)

Name of Bank _____

Account Number _____

Bank account of local Spiritual Assembly, Bahá'í Group or Individual

Bahá'í Locality Code or Bahá'í ID # _____

I, _____, representing our local Spiritual Assembly, our Bahá'í Group or myself, authorize the National Spiritual Assembly of the Bahá'ís of the United States to withdraw from our community's, or my personal, checking account the sum of \$ _____ each Gregorian month (12 times yearly) to be distributed as follows:

FUND	◆ OLD AMOUNT	NEW AMOUNT
National Bahá'í Fund	\$ _____	\$ _____
International Bahá'í Fund	\$ _____	\$ _____
World Center Endowment	\$ _____	\$ _____
Continental Bahá'í Fund	\$ _____	\$ _____
The Regional Bahá'í Council	\$ _____	\$ _____
Kingdom Project	\$ _____	\$ _____
Bahá'í International Radio Service: Payam-e-Doost	\$ _____	\$ _____
Other: _____	\$ _____	\$ _____
Other: _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____

◆ Use for changing already existing automatic contribution only

DISCRETION

***Yes _____ ** No _____**

*By answering "yes", you give discretion for your contributions to the National Spiritual Assembly.

**By answering "no", remember that a contribution to a Fund or agency outside of the United States may not be tax deductible.

Please enclose the completed form and a voided check (not a deposit slip) from the bank account that you wish to use

Signature _____ Officer if LSA _____ Date _____
 Home Phone _____ Work Phone _____

Please forward to:

**Bahá'í National Center
 Office of the Treasurer
 Attn: ACS
 1233 Central Street
 Evanston, IL 60201-1611**

Rev 10/4/04

BUDGET WORKSHEET

FOR FISCAL YEAR _____

Use this worksheet to formulate the budget for the next fiscal year. Guidelines for this worksheet can be found in the *Stewardship and Development* manual. This worksheet should be completed and submitted to the incoming local Spiritual Assembly or Group by Ridván for review. Please use the Financial Report to the National Spiritual Assembly to submit the final budget and goals.

	Estimated Income and Expenses	Proposed Budget	Remarks
BEGINNING BALANCE	_____	_____	_____
INCOME			
Unrestricted Contributions	_____	_____	_____
Earmarked Contributions	_____	_____	_____
Other Income	_____	_____	_____
TOTAL Income + Balance	_____	_____	_____
EXPENSES			
Bahá'í International Fund	_____	_____	_____
Bahá'í Continental Fund	_____	_____	_____
National Bahá'í Fund	_____	_____	_____
Regional Bahá'í Council	_____	_____	_____
Administrative Expenses	_____	_____	_____
Scholarships	_____	_____	_____
Education	_____	_____	_____
Teaching	_____	_____	_____
Proclamation	_____	_____	_____
Other Expenses	_____	_____	_____
Other Expenses	_____	_____	_____
TOTAL Expenses	_____	_____	_____
ENDING CASH BALANCE	_____	_____	_____

Additional notes for incoming local Spiritual Assembly/Bahá'í Group:

FINANCIAL REPORT TO THE NATIONAL SPIRITUAL ASSEMBLY FOR PREVIOUS FISCAL YEAR _____

____ Local Spiritual Assembly
 ____ Bahá'í Group of _____ State ____ ID No. _____

Number of Bahá'ís in the community as of April 30, _____

_____ Adults (21 and up) _____ Youth (15-20) _____ Pre-Youth (11-14) _____ Children (0-10)

	Actual Income and Expenses from Previous Fiscal Year	Budget From Previous Fiscal Year	Budget For Current Fiscal Year
BEGINNING BALANCE	_____	_____	_____
INCOME			
Contributions: Local Fund	_____	_____	_____
Center Fund	_____	_____	_____
Earmarked	_____	_____	_____
Other Income	_____	_____	_____
TOTAL Income + Beginning Balance	_____	_____	_____
EXPENSES			
Bahá'í International Fund	_____	_____	_____
World Center Endowment Fund	_____	_____	_____
Continental Bahá'í Fund	_____	_____	_____
National Bahá'í Fund *	_____	_____	_____ *Goal
Kingdom Project Fund	_____	_____	_____
Regional Bahá'í Council	_____	_____	_____
Teaching / Proclamation	_____	_____	_____
Feast / Holy Days	_____	_____	_____
Children / Youth Programs	_____	_____	_____
Education / Institute Training / Deepening	_____	_____	_____
Scholarships / Deputization	_____	_____	_____
Administrative Expenses	_____	_____	_____
Property Expenses	_____	_____	_____
Other Expenses	_____	_____	_____
Other Expenses	_____	_____	_____
TOTAL Expenses	_____	_____	_____
CAPITAL EXPENDITURE	_____	_____	_____
(Land, Building & Equipment etc.)			
ENDING CASH BALANCE	_____	_____	_____

Person Completing report:

Name and Office _____

Address _____ City _____ State ____ ZIP _____

Home Phone _____ Work Phone _____

This report must be reviewed and approved by the incoming Assembly/Group. When completed, please return by
June 30 to the Bahá'í National Center, Office of the Treasurer, 1233 Central Street, Evanston, IL 60201

☞ In Honor ☞

“And if, at any time, any gift were presented to Him that gift was accepted as a token of His grace unto him that offered it.”
-- Bahá'u'lláh

PLEASE PRINT CLEARLY

Name of individual honored: _____

Honor card to be sent to: _____

Street Address: _____

City: _____ State: _____ Zip: _____

This contribution is for: National Fund International Fund Continental Fund Kingdom Project Fund

Occasion (*optional*): _____

*Examples: Birthday, Graduation, Marriage, Birth of baby, Anniversary, Bahá'í declaration,
Hospitality, Pioneering, Firesides given, Services rendered, Healing*

Names of contributor(s) making gift:

_____ Bahá'í ID number(s)

In Honor cards are a wonderful way to mark special occasions such as birthdays or anniversaries, or to recognize friends and loved ones “just because.” Send your completed form to:

Office of the Treasurer
Bahá'í National Center
1233 Central Street
Evanston, IL 60201

We make every effort to meet requested deadlines, but it is not always possible to do so.
Please allow 3 weeks from the date you mail your request for the recipient to receive their card.

No financial information is ever shown on an In Honor card.
The amount of your contribution is absolutely confidential.

Please complete all sections, and be sure that all names and addresses are spelled correctly.
If no address is provided, no card will be sent.

☞ In Memory ☞

“The progress of man’s spirit in the divine world, after the severance of its connection with the body of dust, is through the bounty and grace of the Lord alone, or through the intercession and sincere prayers of other human souls, or through the charities and important good works which are performed in its name..” -- ‘Abdu’l-Bahá

PLEASE PRINT CLEARLY

Name of individual deceased: _____

Memorial card to be sent to: _____
Name

Street Address _____

City _____ State _____ Zip _____

This contribution is for: National Fund International Fund Continental Fund Kingdom Project Fund

Names of contributor(s) making gift:

_____ Bahá’í ID number(s) _____

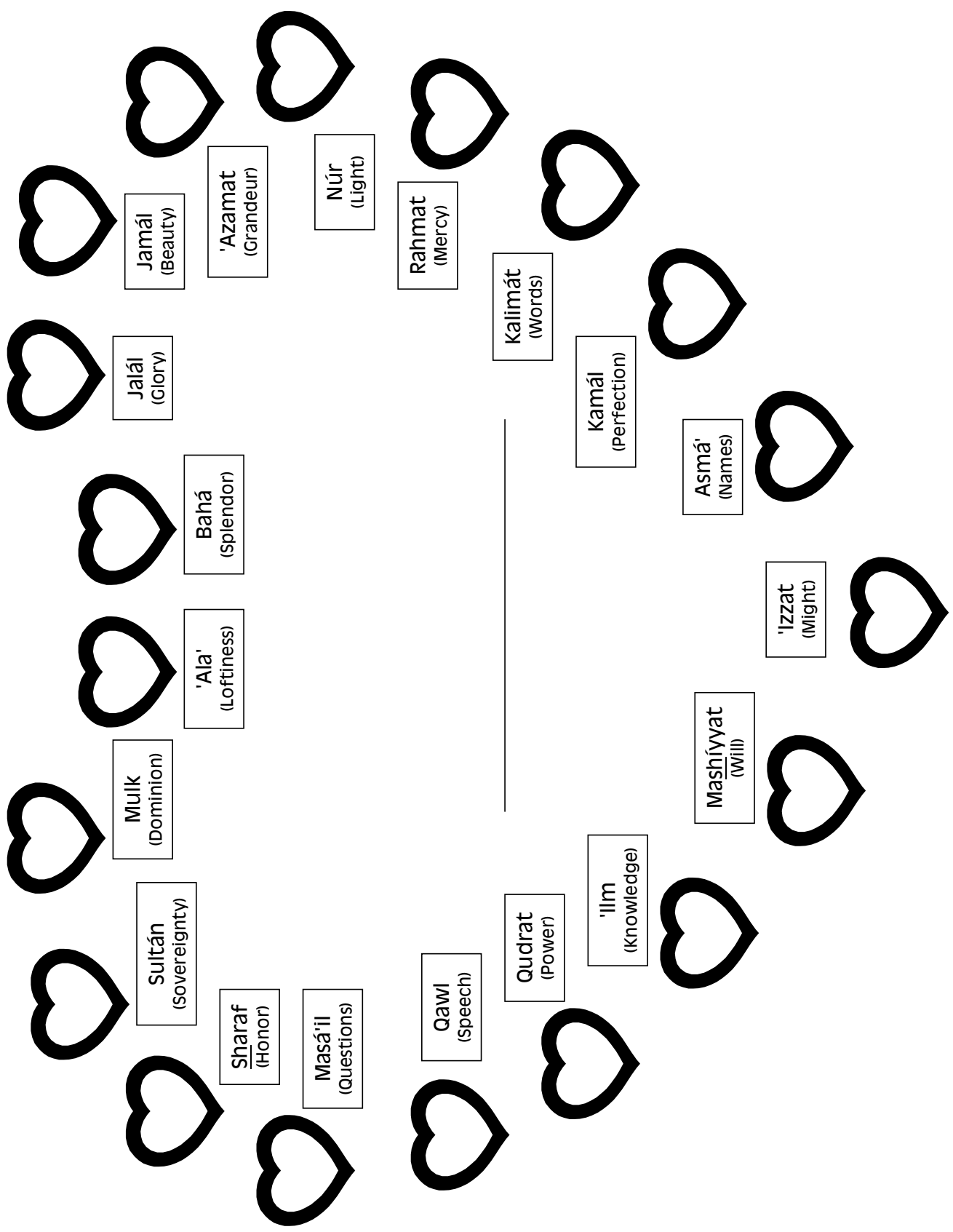
In Memory cards are a beautiful and spiritual way to remember friends and loved ones who have entered the Abhá Kingdom. Send your completed form to:

Office of the Treasurer
Bahá’í National Center
1233 Central Street
Evanston, IL 60201

We make every effort to meet requested deadlines, but it is not always possible to do so. ***Please allow 3 weeks from the date you mail your request for the recipient to receive their card.***

No financial information is ever shown on an In Memory card.
The amount of your contribution is absolutely confidential.

Please complete all sections, and be sure that all names and addresses are spelled correctly.
If no address is provided, the card will be sent to the person making the contribution.



MY DIARY * OF GIVING AND GROWING

ACTIVITY & ILLUSTRATIONS BY NANCY WONG

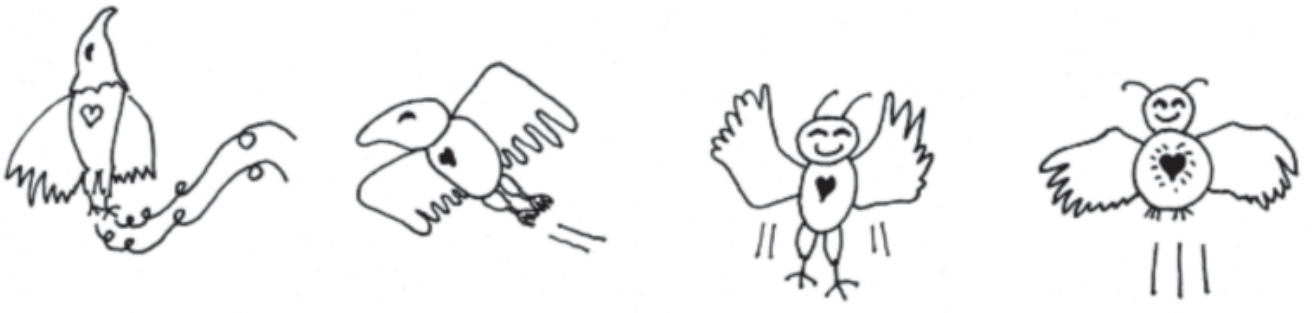
... shower upon me Thy confirmations, which alone can change a gnat into an eagle, a drop of water into rivers and seas, and an atom into light and suns . . . —'Abdu'l-Bahá

WATCH THE GNAT TRANSFORM INTO AN EAGLE as you contribute regularly to the Bahá'í funds from month to month! The Bahá'í teachings tell us that we will spiritually grow like the gnat into an eagle when we give to the Funds. The challenge is to remember to give to the Funds every Bahá'í month so that you can color in all 19 pictures.

How to start:

1. You can start on any month you like.
 2. In the Bahá'í calendar below, find the Bahá'í month and write the date you sent your contribution.
 3. Next, color in one picture for each contribution you send.
- Begin at the bottom left corner where the gnat is sitting on a leaf. ✨

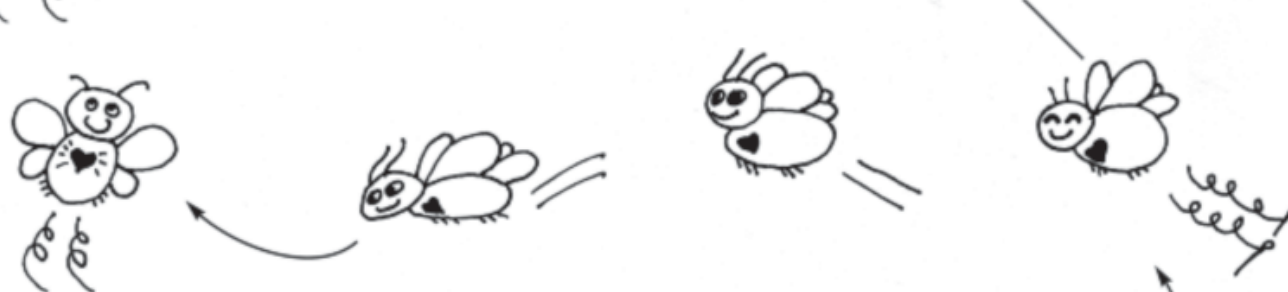
Arabic Month	English Translation	First Day of Gregorian Month	Date I Sent My Contribution to the Bahá'í Funds
1 Bahá	Splendor	March 21	
2 Jalál	Glory	April 9	
3 Jamál	Beauty	April 28	
4 'Azamat	Grandeur	May 17	
5 Núr	Light	June 5	
6 Rahmat	Mercy	June 24	
7 Kalimát	Words	July 13	
8 Kamál	Perfection	August 1	
9 Asmá'	Names	August 20	
10 'Izzat	Might	September 8	
11 Mashíyyat	Will	September 27	
12 'Ilm	Knowledge	October 16	
13 Qudrat	Power	November 4	
14 Qawl	Speech	November 23	
15 Masá'il	Questions	December 12	
16 Sharaf	Honor	December 31	
17 Sultán	Sovereignty	January 19	
18 Mulk	Dominion	February 7	
19 'Alá'	Loftiness	March 2	



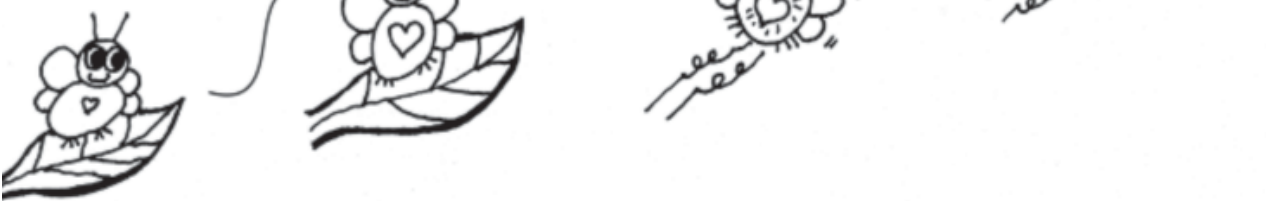
You're almost there!



Happy Flying!



START
HERE



Application for Employer Identification Number

(Rev. February 1998)
Department of the Treasury
Internal Revenue Service

(For use by employers, corporations, partnerships, trusts, estates, churches,
government agencies, certain individuals, and others. See instructions.)

EIN
OMB No. 1545-0003

► **Keep a copy for your records.**

Please type or print clearly.	1 Name of applicant (legal name) (see instructions) Spiritual Assembly of the Baha'is of (name of LSA city)	
	2 Trade name of business (if different from name on line 1)	3 Executor, trustee, "care of" name (name of Secretary or Treasurer)
	4a Mailing address (street address) (room, apt., or suite no.) (LSA's street address)	5a Business address (if different from address on lines 4a and 4b)
	4b City, state, and ZIP code (LSA's city, state, zip code)	5b City, state, and ZIP code
	6 County and state where principal business is located	
	7 Name of principal officer, general partner, grantor, owner, or trustee—SSN or ITIN may be required (see instructions) ►	
	(name of Secretary or Treasurer)	

8a Type of entity (Check only one box.) (see instructions)
Caution: If applicant is a limited liability company, see the instructions for line 8a.

<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____	
<input type="checkbox"/> Partnership	<input type="checkbox"/> Personal service corp.	<input type="checkbox"/> Plan administrator (SSN) _____
<input type="checkbox"/> REMIC	<input type="checkbox"/> National Guard	<input type="checkbox"/> Other corporation (specify) ► _____
<input type="checkbox"/> State/local government	<input type="checkbox"/> Farmers' cooperative	<input type="checkbox"/> Trust
<input checked="" type="checkbox"/> Church or church-controlled organization	<input type="checkbox"/> Federal government/military	
<input type="checkbox"/> Other nonprofit organization (specify) ► _____	(enter GEN if applicable) <u>GEN 9508</u>	
<input type="checkbox"/> Other (specify) ► _____		

8b If a corporation, name the state or foreign country (if applicable) where incorporated _____ State (for incorporated LSA's only, give state of incorporation) _____ Foreign country _____

9 Reason for applying (Check only one box.) (see instructions)

<input type="checkbox"/> Started new business (specify type) ► _____	<input type="checkbox"/> Banking purpose (specify purpose) ► _____
<input type="checkbox"/> Hired employees (Check the box and see line 12.)	<input type="checkbox"/> Changed type of organization (specify new type) ► _____
<input type="checkbox"/> Created a pension plan (specify type) ► _____	<input type="checkbox"/> Purchased going business
	<input type="checkbox"/> Created a trust (specify type) ► _____
	<input checked="" type="checkbox"/> Other (specify) ► <u>Required by Rev.Proc.80-27</u>

10 Date business started or acquired (month, day, year) (see instructions)
(date your LSA was first formed) _____

11 Closing month of accounting year (see instructions)
April

12 First date wages or annuities were paid or will be paid (month, day, year). **Note:** If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year) . No employees. ►

13 Highest number of employees expected in the next 12 months. **Note:** If the applicant does not expect to have any employees during the period, enter -0-. (see instructions) ►

Nonagricultural	Agricultural	Household
0	0	0

14 Principal activity (see instructions) ► Religious-administer affairs of Baha'i Faith for the Baha'is of

15 Is the principal business activity manufacturing? (name of LSA city, etc.) Yes No
If "Yes," principal product and raw material used ►

16 To whom are most of the products or services sold? Please check one box. Business (wholesale) N/A
 Public (retail) Other (specify) ►

17a Has the applicant ever applied for an employer identification number for this or any other business? Yes No
Note: If "Yes," please complete lines 17b and 17c.

17b If you checked "Yes" on line 17a, give applicant's legal name and trade name shown on prior application, if different from line 1 or 2 above.
Legal name ► _____ Trade name ► _____

17c Approximate date when and city and state where the application was filed. Enter previous employer identification number if know n.
Approximate date when filed (mo., day, year) _____ City and state where filed _____ Previous EIN _____

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

(name of LSA's Secretary or Treasurer and title)
Name and title (Please type or print clearly.) ► _____

Business telephone number (include area code)
(tel number & area code)
Fax telephone number (include area code)

Signature ► (sign here and date) _____ Date ► _____

Note: Do not write below this line. For official use only.

Please leave blank ►	Geo.	Ind.	Class	Size	Reason for applying
----------------------	------	------	-------	------	---------------------

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

▶ See separate instructions for each line. ▶ Keep a copy for your records.

EIN

OMB No. 1545-0003

Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested																	
	2 Trade name of business (if different from name on line 1)	3 Executor, trustee, "care of" name																
	4a Mailing address (room, apt., suite no. and street, or P.O. box)	5a Street address (if different) (Do not enter a P.O. box.)																
	4b City, state, and ZIP code	5b City, state, and ZIP code																
	6 County and state where principal business is located																	
	7a Name of principal officer, general partner, grantor, owner, or trustor	7b SSN, ITIN, or EIN																
8a Type of entity (check only one box) <table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> Sole proprietor (SSN) _____</td> <td><input type="checkbox"/> Estate (SSN of decedent) _____</td> </tr> <tr> <td><input type="checkbox"/> Partnership</td> <td><input type="checkbox"/> Plan administrator (SSN) _____</td> </tr> <tr> <td><input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____</td> <td><input type="checkbox"/> Trust (SSN of grantor) _____</td> </tr> <tr> <td><input type="checkbox"/> Personal service corp.</td> <td><input type="checkbox"/> National Guard <input type="checkbox"/> State/local government</td> </tr> <tr> <td><input type="checkbox"/> Church or church-controlled organization</td> <td><input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military</td> </tr> <tr> <td><input type="checkbox"/> Other nonprofit organization (specify) ▶ _____</td> <td><input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises</td> </tr> <tr> <td><input type="checkbox"/> Other (specify) ▶ _____</td> <td><input type="checkbox"/> Group Exemption Number (GEN) ▶ _____</td> </tr> </table>			<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____	<input type="checkbox"/> Partnership	<input type="checkbox"/> Plan administrator (SSN) _____	<input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____	<input type="checkbox"/> Trust (SSN of grantor) _____	<input type="checkbox"/> Personal service corp.	<input type="checkbox"/> National Guard <input type="checkbox"/> State/local government	<input type="checkbox"/> Church or church-controlled organization	<input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military	<input type="checkbox"/> Other nonprofit organization (specify) ▶ _____	<input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises	<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Group Exemption Number (GEN) ▶ _____		
<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____																	
<input type="checkbox"/> Partnership	<input type="checkbox"/> Plan administrator (SSN) _____																	
<input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____	<input type="checkbox"/> Trust (SSN of grantor) _____																	
<input type="checkbox"/> Personal service corp.	<input type="checkbox"/> National Guard <input type="checkbox"/> State/local government																	
<input type="checkbox"/> Church or church-controlled organization	<input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military																	
<input type="checkbox"/> Other nonprofit organization (specify) ▶ _____	<input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises																	
<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Group Exemption Number (GEN) ▶ _____																	
8b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country																
9 Reason for applying (check only one box) <table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> Started new business (specify type) ▶ _____</td> <td><input type="checkbox"/> Banking purpose (specify purpose) ▶ _____</td> </tr> <tr> <td><input type="checkbox"/> Hired employees (Check the box and see line 12.)</td> <td><input type="checkbox"/> Changed type of organization (specify new type) ▶ _____</td> </tr> <tr> <td><input type="checkbox"/> Compliance with IRS withholding regulations</td> <td><input type="checkbox"/> Purchased going business</td> </tr> <tr> <td><input type="checkbox"/> Other (specify) ▶ _____</td> <td><input type="checkbox"/> Created a trust (specify type) ▶ _____</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Created a pension plan (specify type) ▶ _____</td> </tr> </table>			<input type="checkbox"/> Started new business (specify type) ▶ _____	<input type="checkbox"/> Banking purpose (specify purpose) ▶ _____	<input type="checkbox"/> Hired employees (Check the box and see line 12.)	<input type="checkbox"/> Changed type of organization (specify new type) ▶ _____	<input type="checkbox"/> Compliance with IRS withholding regulations	<input type="checkbox"/> Purchased going business	<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Created a trust (specify type) ▶ _____		<input type="checkbox"/> Created a pension plan (specify type) ▶ _____						
<input type="checkbox"/> Started new business (specify type) ▶ _____	<input type="checkbox"/> Banking purpose (specify purpose) ▶ _____																	
<input type="checkbox"/> Hired employees (Check the box and see line 12.)	<input type="checkbox"/> Changed type of organization (specify new type) ▶ _____																	
<input type="checkbox"/> Compliance with IRS withholding regulations	<input type="checkbox"/> Purchased going business																	
<input type="checkbox"/> Other (specify) ▶ _____	<input type="checkbox"/> Created a trust (specify type) ▶ _____																	
	<input type="checkbox"/> Created a pension plan (specify type) ▶ _____																	
10 Date business started or acquired (month, day, year)		11 Closing month of accounting year																
12 First date wages or annuities were paid or will be paid (month, day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year) ▶																		
13 Highest number of employees expected in the next 12 months. Note: If the applicant does not expect to have any employees during the period, enter "0-." ▶			Agricultural															
			Household															
			Other															
14 Check one box that best describes the principal activity of your business. <table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> Construction</td> <td><input type="checkbox"/> Rental & leasing</td> <td><input type="checkbox"/> Transportation & warehousing</td> <td><input type="checkbox"/> Health care & social assistance</td> <td><input type="checkbox"/> Wholesale-agent/broker</td> </tr> <tr> <td><input type="checkbox"/> Real estate</td> <td><input type="checkbox"/> Manufacturing</td> <td><input type="checkbox"/> Finance & insurance</td> <td><input type="checkbox"/> Accommodation & food service</td> <td><input type="checkbox"/> Wholesale-other</td> </tr> <tr> <td colspan="3"></td> <td><input type="checkbox"/> Retail</td> <td><input type="checkbox"/> Other (specify)</td> </tr> </table>				<input type="checkbox"/> Construction	<input type="checkbox"/> Rental & leasing	<input type="checkbox"/> Transportation & warehousing	<input type="checkbox"/> Health care & social assistance	<input type="checkbox"/> Wholesale-agent/broker	<input type="checkbox"/> Real estate	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Finance & insurance	<input type="checkbox"/> Accommodation & food service	<input type="checkbox"/> Wholesale-other				<input type="checkbox"/> Retail	<input type="checkbox"/> Other (specify)
<input type="checkbox"/> Construction	<input type="checkbox"/> Rental & leasing	<input type="checkbox"/> Transportation & warehousing	<input type="checkbox"/> Health care & social assistance	<input type="checkbox"/> Wholesale-agent/broker														
<input type="checkbox"/> Real estate	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Finance & insurance	<input type="checkbox"/> Accommodation & food service	<input type="checkbox"/> Wholesale-other														
			<input type="checkbox"/> Retail	<input type="checkbox"/> Other (specify)														
15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.																		
16a Has the applicant ever applied for an employer identification number for this or any other business? <input type="checkbox"/> Yes <input type="checkbox"/> No Note: If "Yes," please complete lines 16b and 16c.																		
16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above. Legal name ▶ _____ Trade name ▶ _____																		
16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known. Approximate date when filed (mo., day, year) _____ City and state where filed _____ Previous EIN _____																		
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.																	
	Designee's name	Designee's telephone number (include area code) ()																
	Address and ZIP code	Designee's fax number (include area code) ()																
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.																		
Name and title (type or print clearly) ▶ _____			Applicant's telephone number (include area code) ()															
Signature ▶ _____			Applicant's fax number (include area code) ()															
			Date ▶ _____															

Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.¹ **See also the separate instructions for each line on Form SS-4.**

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a-6, 8a, and 9-16c.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a-6, 7a-b (if applicable), 8a, 8b (if applicable), and 9-16c.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1-5b, 7a-b (if applicable), 8a, 9, and 16a-c.
Changed type of organization	Either the legal character of the organization or its ownership changed (e.g., you incorporate a sole proprietorship or form a partnership) ²	Complete lines 1-16c (as applicable).
Purchased a going business ³	Does not already have an EIN	Complete lines 1-16c (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust ⁴	Complete lines 1-16c (as applicable).
Created a pension plan as a plan administrator ⁵	Needs an EIN for reporting purposes	Complete lines 1, 2, 4a-6, 8a, 9, and 16a-c.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits ⁶	Complete lines 1-5b, 7a-b (SSN or ITIN optional), 8a-9, and 16a-c.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1, 3, 4a-b, 8a, 9, and 16a-c.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042 , Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a-5b, 7a-b (if applicable), 8a, 9, and 16a-c.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ⁷	Complete lines 1, 2, 4a-5b, 8a, 9, and 16a-c.
Is a single-member LLC	Needs an EIN to file Form 8832 , Classification Election, for filing employment tax returns, or for state reporting purposes ⁸	Complete lines 1-16c (as applicable).
Is an S corporation	Needs an EIN to file Form 2553 , Election by a Small Business Corporation ⁹	Complete lines 1-16c (as applicable).

¹ For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. **A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.**

² However, **do not** apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. (The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).)

³ Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

⁴ However, IRA trusts that are required to file **Form 990-T**, Exempt Organization Business Income Tax Return, must have an EIN.

⁵ A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

⁶ Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. **See Rev. Proc. 2000-12.**

⁷ See also *Household employer* on page 4. (**Note:** State or local agencies may need an EIN for other reasons, e.g., hired employees.)

⁸ Most LLCs **do not** need to file Form 8832. See **Limited liability company (LLC)** on page 4 for details on completing Form SS-4 for an LLC.

⁹ An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.



Instructions for Form SS-4

(Rev. September 2003)



For use with Form SS-4 (Rev. December 2001)

Application for Employer Identification Number.

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Use these instructions to complete **Form SS-4**, Application for Employer Identification Number. Also see **Do I Need an EIN?** on page 2 of Form SS-4.

Purpose of Form

Use Form SS-4 to apply for an employer identification number (EIN). An EIN is a nine-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes. The information you provide on this form will establish your business tax account.



*An EIN is for use in connection with your business activities only. Do **not** use your EIN in place of your social security number (SSN).*

Items To Note

Apply online. You can now apply for and receive an EIN online using the internet. See **How To Apply** below.

File only one Form SS-4. Generally, a sole proprietor should file only one Form SS-4 and needs only one EIN, regardless of the number of businesses operated as a sole proprietorship or trade names under which a business operates. However, if the proprietorship incorporates or enters into a partnership, a new EIN is required. Also, each corporation in an affiliated group must have its own EIN.

EIN applied for, but not received. If you do not have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number. **Do not** show your SSN as an EIN on returns.

If you do not have an EIN by the time a tax deposit is due, send your payment to the Internal Revenue Service Center for your filing area as shown in the instructions for the form that you are filing. Make your check or money order payable to the "United States Treasury" and show your name (as shown on Form SS-4), address, type of tax, period covered, and date you applied for an EIN.

How To Apply

You can apply for an EIN online, by telephone, by fax, or by mail depending on how soon you need to use the EIN. Use only one method for each entity so you do not receive more than one EIN for an entity.

Online. You can receive your EIN by internet and use it immediately to file a return or make a payment. Go to the

IRS website at www.irs.gov/businesses and click on **Employer ID Numbers** under **topics**.

Telephone. You can receive your EIN by telephone and use it immediately to file a return or make a payment. Call the IRS at **1-800-829-4933**. (International applicants must call 215-516-6999.) The hours of operation are 7:00 a.m. to 10:00 p.m. The person making the call must be authorized to sign the form or be an authorized designee. See **Signature** and **Third Party Designee** on page 6. Also see the **TIP** below.

If you are applying by telephone, it will be helpful to complete Form SS-4 before contacting the IRS. An IRS representative will use the information from the Form SS-4 to establish your account and assign you an EIN. Write the number you are given on the upper right corner of the form and sign and date it. Keep this copy for your records.

If requested by an IRS representative, mail or fax (facsimile) the signed Form SS-4 (including any Third Party Designee authorization) within 24 hours to the IRS address provided by the IRS representative.



*Taxpayer representatives can apply for an EIN on behalf of their client and request that the EIN be faxed to their **client** on the same day.*

Note: By using this procedure, you are authorizing the IRS to fax the EIN without a cover sheet.

Fax. Under the Fax-TIN program, you can receive your EIN by fax within 4 business days. Complete and fax Form SS-4 to the IRS using the Fax-TIN number listed on page 2 for your state. A long-distance charge to callers outside of the local calling area will apply. Fax-TIN numbers can only be used to apply for an EIN. **The numbers may change without notice.** Fax-TIN is available 24 hours a day, 7 days a week.

Be sure to provide your fax number so the IRS can fax the EIN back to you. **Note:** By using this procedure, you are authorizing the IRS to fax the EIN without a cover sheet.

Mail. Complete Form SS-4 at least 4 to 5 weeks before you will need an EIN. Sign and date the application and mail it to the service center address for your state. You will receive your EIN in the mail in approximately 4 weeks. See also **Third Party Designee** on page 6.

Call 1-800-829-4933 to verify a number or to ask about the status of an application by mail.

Where To Fax or File

If your principal business, office or agency, or legal residence in the case of an individual, is located in:	Call the Fax-TIN number shown or file with the "Internal Revenue Service Center" at:
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Attn: EIN Operation P. O. Box 9003 Holtsville, NY 11742-9003 Fax-TIN 631-447-8960
Illinois, Indiana, Kentucky, Michigan	Attn: EIN Operation Cincinnati, OH 45999 Fax-TIN 859-669-5760
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, Puerto Rico, South Dakota, Tennessee, Texas, Utah, Washington, Wisconsin, Wyoming	Attn: EIN Operation Philadelphia, PA 19255 Fax-TIN 215-516-3990
If you have no legal residence, principal place of business, or principal office or agency in any state:	Attn: EIN Operation Philadelphia, PA 19255 Telephone 215-516-6999 Fax-TIN 215-516-3990

How To Get Forms and Publications

Phone. You can order forms, instructions, and publications by phone 24 hours a day, 7 days a week. Call 1-800-TAX-FORM (1-800-829-3676). You should receive your order or notification of its status within 10 workdays.

Personal computer. With your personal computer and modem, you can get the forms and information you need using the IRS website at www.irs.gov or File Transfer Protocol at [ftp.irs.gov](ftp://ftp.irs.gov).

CD-ROM. For small businesses, return preparers, or others who may frequently need tax forms or publications, a CD-ROM containing over 2,000 tax products (including many prior year forms) can be purchased from the National Technical Information Service (NTIS).

To order **Pub. 1796**, Federal Tax Products on CD-ROM, call **1-877-CDFORMS** (1-877-233-6767) toll free or connect to www.irs.gov/cdorders.

Tax Help for Your Business

IRS-sponsored Small Business Workshops provide information about your Federal and state tax obligations.

For information about workshops in your area, call 1-800-829-4933.

Related Forms and Publications

The following **forms** and **instructions** may be useful to filers of Form SS-4:

- **Form 990-T**, Exempt Organization Business Income Tax Return
- **Instructions for Form 990-T**
- **Schedule C (Form 1040)**, Profit or Loss From Business
- **Schedule F (Form 1040)**, Profit or Loss From Farming
- **Instructions for Form 1041 and Schedules A, B, D, G, I, J, and K-1**, U.S. Income Tax Return for Estates and Trusts
- **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons
- **Instructions for Form 1065**, U.S. Return of Partnership Income
- **Instructions for Form 1066**, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return
- **Instructions for Forms 1120 and 1120-A**
- **Form 2553**, Election by a Small Business Corporation
- **Form 2848**, Power of Attorney and Declaration of Representative
- **Form 8821**, Tax Information Authorization
- **Form 8832**, Entity Classification Election

For more **information** about filing Form SS-4 and related issues, see:

- **Circular A**, Agricultural Employer's Tax Guide (Pub. 51)
- **Circular E**, Employer's Tax Guide (Pub. 15)
- **Pub. 538**, Accounting Periods and Methods
- **Pub. 542**, Corporations
- **Pub. 557**, Exempt Status for Your Organization
- **Pub. 583**, Starting a Business and Keeping Records
- **Pub. 966**, Electronic Choices for Paying ALL Your Federal Taxes
- **Pub. 1635**, Understanding Your EIN
- **Package 1023**, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
- **Package 1024**, Application for Recognition of Exemption Under Section 501(a)

Specific Instructions

Print or type all entries on Form SS-4. Follow the instructions for each line to expedite processing and to avoid unnecessary IRS requests for additional information. Enter "N/A" (nonapplicable) on the lines that do not apply.

Line 1—Legal name of entity (or individual) for whom the EIN is being requested. Enter the legal name of the entity (or individual) applying for the EIN exactly as it appears on the social security card, charter, or other applicable legal document.

Individuals. Enter your first name, middle initial, and last name. If you are a sole proprietor, enter your

individual name, not your business name. Enter your business name on line 2. Do not use abbreviations or nicknames on line 1.

Trusts. Enter the name of the trust.

Estate of a decedent. Enter the name of the estate.

Partnerships. Enter the legal name of the partnership as it appears in the partnership agreement.

Corporations. Enter the corporate name as it appears in the corporation charter or other legal document creating it.

Plan administrators. Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.

Line 2—Trade name of business. Enter the trade name of the business if different from the legal name. The trade name is the “doing business as” (DBA) name.



*Use the full legal name shown on line 1 on all tax returns filed for the entity. (However, if you enter a trade name on line 2 and choose to use the trade name instead of the legal name, enter the trade name on **all returns** you file.) To prevent processing delays and errors, **always** use the legal name only (or the trade name only) on **all** tax returns.*

Line 3—Executor, trustee, “care of” name. Trusts enter the name of the trustee. Estates enter the name of the executor, administrator, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person’s name as the “care of” person. Enter the individual’s first name, middle initial, and last name.

Lines 4a-b—Mailing address. Enter the mailing address for the entity’s correspondence. If line 3 is completed, enter the address for the executor, trustee or “care of” person. Generally, this address will be used on all tax returns.



*File **Form 8822**, **Change of Address**, to report any subsequent changes to the entity’s mailing address.*

Lines 5a-b—Street address. Provide the entity’s physical address **only** if different from its mailing address shown in lines 4a-b. **Do not** enter a P.O. box number here.

Line 6—County and state where principal business is located. Enter the entity’s primary **physical** location.

Lines 7a-b—Name of principal officer, general partner, grantor, owner, or trustor. Enter the first name, middle initial, last name, and SSN of (a) the principal officer if the business is a corporation, (b) a general partner if a partnership, (c) the owner of an entity that is disregarded as separate from its owner (disregarded entities owned by a corporation enter the corporation’s name and EIN), or (d) a grantor, owner, or trustor if a trust.

If the person in question is an **alien individual** with a previously assigned individual taxpayer identification number (ITIN), enter the ITIN in the space provided and submit a copy of an official identifying document. If

necessary, complete **Form W-7**, Application for IRS Individual Taxpayer Identification Number, to obtain an ITIN.

You are **required** to enter an SSN, ITIN, or EIN unless the only reason you are applying for an EIN is to make an entity classification election (see Regulations sections 301.7701-1 through 301.7701-3) and you are a nonresident alien with no effectively connected income from sources within the United States.

Line 8a—Type of entity. Check the box that best describes the type of entity applying for the EIN. If you are an alien individual with an ITIN previously assigned to you, enter the ITIN in place of a requested SSN.



*This is not an election for a tax classification of an entity. See **Limited liability company (LLC)** on page 4.*

Other. If not specifically listed, check the “Other” box, enter the type of entity and the type of return, if any, that will be filed (for example, “Common Trust Fund, Form 1065” or “Created a Pension Plan”). Do not enter “N/A.” If you are an alien individual applying for an EIN, see the **Lines 7a-b** instructions above.

• **Household employer.** If you are an individual, check the “Other” box and enter “Household Employer” and your SSN. If you are a state or local agency serving as a tax reporting agent for public assistance recipients who become household employers, check the “Other” box and enter “Household Employer Agent.” If you are a trust that qualifies as a household employer, you do not need a separate EIN for reporting tax information relating to household employees; use the EIN of the trust.

• **QSub.** For a qualified subchapter S subsidiary (QSub) check the “Other” box and specify “QSub.”

• **Withholding agent.** If you are a withholding agent required to file Form 1042, check the “Other” box and enter “Withholding Agent.”

Sole proprietor. Check this box if you file Schedule C, C-EZ, or F (Form 1040) and have a qualified plan, or are required to file excise, employment, alcohol, tobacco, or firearms returns, or are a payer of gambling winnings. Enter your SSN (or ITIN) in the space provided. If you are a nonresident alien with no effectively connected income from sources within the United States, you do not need to enter an SSN or ITIN.

Corporation. This box is for any corporation **other than a personal service corporation**. If you check this box, enter the income tax form number to be filed by the entity in the space provided.



*If you entered “**1120S**” after the “Corporation” checkbox, the corporation **must** file Form 2553 **no later than the 15th day of the 3rd month of the tax year the election is to take effect.***

Until Form 2553 has been received and approved, you will be considered a Form 1120 filer. See the Instructions for Form 2553.

Personal service corp. Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if:

- The principal activity of the entity during the testing period (prior tax year) for the tax year is the performance of personal services substantially by employee-owners, and
- The employee-owners own at least 10% of the fair market value of the outstanding stock in the entity on the last day of the testing period.

Personal services include performance of services in such fields as health, law, accounting, or consulting. For more information about personal service corporations, see the Instructions for Forms 1120 and 1120-A and Pub. 542.

Other nonprofit organization. Check this box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization).



*If the organization also seeks tax-exempt status, you **must** file either Package 1023 or Package 1024. See Pub. 557 for more information.*

If the organization is covered by a group exemption letter, enter the four-digit **group exemption number (GEN)**. (Do not confuse the GEN with the nine-digit EIN.) If you do not know the GEN, contact the parent organization. Get Pub. 557 for more information about group exemption numbers.

Plan administrator. If the plan administrator is an individual, enter the plan administrator's SSN in the space provided.

REMIC. Check this box if the entity has elected to be treated as a real estate mortgage investment conduit (REMIC). See the Instructions for Form 1066 for more information.

Limited liability company (LLC). An LLC is an entity organized under the laws of a state or foreign country as a limited liability company. For Federal tax purposes, an LLC may be treated as a partnership or corporation or be disregarded as an entity separate from its owner.

By **default**, a domestic LLC with only one member is **disregarded** as an entity separate from its owner and must include all of its income and expenses on the owner's tax return (e.g., **Schedule C (Form 1040)**). Also by default, a domestic LLC with two or more members is treated as a partnership. A domestic LLC may file Form 8832 to avoid either default classification and elect to be classified as an association taxable as a corporation. For more information on entity classifications (including the rules for foreign entities), see the instructions for Form 8832.



Do not file Form 8832 if the LLC accepts the default classifications above. However, if the LLC will be electing S Corporation status, it must timely file both Form 8832 and Form 2553.

Complete Form SS-4 for LLCs as follows:

- A single-member domestic LLC that accepts the default classification (above) does not need an EIN and generally should not file Form SS-4. Generally, the LLC

should use the name and EIN of its **owner** for all Federal tax purposes. However, the reporting and payment of employment taxes for employees of the LLC may be made using the name and EIN of **either** the owner or the LLC as explained in Notice 99-6. You can find Notice 99-6 on page 12 of Internal Revenue Bulletin 1999-3 at www.irs.gov/pub/irs-irbs/irb99-03.pdf. (**Note:** If the LLC applicant indicates in box 13 that it has employees or expects to have employees, the owner (whether an individual or other entity) of a single-member domestic LLC will also be assigned its own EIN (if it does not already have one) even if the LLC will be filing the employment tax returns.)

- A single-member, domestic LLC that accepts the default classification (above) and wants an EIN for filing employment tax returns (see above) or non-Federal purposes, such as a state requirement, must check the "Other" box and write "Disregarded Entity" or, when applicable, "Disregarded Entity—Sole Proprietorship" in the space provided.
- A multi-member, domestic LLC that accepts the default classification (above) must check the "Partnership" box.
- A domestic LLC that will be filing Form 8832 to elect corporate status must check the "Corporation" box and write in "Single-Member" or "Multi-Member" immediately below the "form number" entry line.

Line 9—Reason for applying. Check only **one** box. Do not enter "N/A."

Started new business. Check this box if you are starting a new business that requires an EIN. If you check this box, enter the type of business being started. **Do not** apply if you already have an EIN and are only adding another place of business.

Hired employees. Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax returns. **Do not** apply if you already have an EIN and are only hiring employees. For information on employment taxes (e.g., for family members), see Circular E.



You may be required to make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS). See section 11, Depositing Taxes, of Circular E and Pub. 966.

Created a pension plan. Check this box if you have created a pension plan and need an EIN for reporting purposes. Also, enter the type of plan in the space provided.



Check this box if you are applying for a trust EIN when a new pension plan is established. In addition, check the "Other" box in line 8a and write "Created a Pension Plan" in the space provided.

Banking purpose. Check this box if you are requesting an EIN for banking purposes only, and enter the banking purpose (for example, a bowling league for

depositing dues or an investment club for dividend and interest reporting).

Changed type of organization. Check this box if the business is changing its type of organization. For example, the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided (including available space immediately below) the type of change made. For example, “From Sole Proprietorship to Partnership.”

Purchased going business. Check this box if you purchased an existing business. **Do not** use the former owner’s EIN unless you became the “owner” of a corporation by acquiring its stock.

Created a trust. Check this box if you created a trust, and enter the type of trust created. For example, indicate if the trust is a nonexempt charitable trust or a split-interest trust.

Exception. Do **not** file this form for certain grantor-type trusts. The trustee does not need an EIN for the trust if the trustee furnishes the name and TIN of the grantor/owner and the address of the trust to all payors. See the Instructions for Form 1041 for more information.



Do not check this box if you are applying for a trust EIN when a new pension plan is established. Check “Created a pension plan.”

Other. Check this box if you are requesting an EIN for any other reason; and enter the reason. For example, a newly-formed state government entity should enter “Newly-Formed State Government Entity” in the space provided.

Line 10—Date business started or acquired. If you are starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. If you are changing the form of ownership of your business, enter the date the new ownership entity began. Trusts should enter the date the trust was legally created. Estates should enter the date of death of the decedent whose name appears on line 1 or the date when the estate was legally funded.

Line 11—Closing month of accounting year. Enter the last month of your accounting year or tax year. An accounting or tax year is usually 12 consecutive months, either a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information on accounting periods, see Pub. 538.

Individuals. Your tax year generally will be a calendar year.

Partnerships. Partnerships must adopt one of the following tax years:

- The tax year of the majority of its partners,
- The tax year common to all of its principal partners,
- The tax year that results in the least aggregate deferral of income, or
- In certain cases, some other tax year.

See the Instructions for Form 1065 for more information.

REMICs. REMICs must have a calendar year as their tax year.

Personal service corporations. A personal service corporation generally must adopt a calendar year unless:

- It can establish a business purpose for having a different tax year, or
- It elects under section 444 to have a tax year other than a calendar year.

Trusts. Generally, a trust must adopt a calendar year except for the following:

- Tax-exempt trusts,
- Charitable trusts, and
- Grantor-owned trusts.

Line 12—First date wages or annuities were paid or will be paid. If the business has or will have employees, enter the date on which the business began or will begin to pay wages. If the business does not plan to have employees, enter “N/A.”

Withholding agent. Enter the date you began or will begin to pay income (including annuities) to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien.

Line 13—Highest number of employees expected in the next 12 months. Complete each box by entering the number (including zero (“-0-”)) of “Agricultural,” “Household,” or “Other” employees expected by the applicant in the next 12 months. For a definition of agricultural labor (farmwork), see Circular A.

Lines 14 and 15. Check the **one** box in line 14 that best describes the principal activity of the applicant’s business. Check the “Other” box (and specify the applicant’s principal activity) if none of the listed boxes applies.

Use line 15 to describe the applicant’s principal line of business in more detail. For example, if you checked the “Construction” box in line 14, enter additional detail such as “General contractor for residential buildings” in line 15.

Construction. Check this box if the applicant is engaged in erecting buildings or other structures, (e.g., streets, highways, bridges, tunnels). The term “Construction” also includes special trade contractors, (e.g., plumbing, HVAC, electrical, carpentry, concrete, excavation, etc. contractors).

Real estate. Check this box if the applicant is engaged in renting or leasing real estate to others; managing, selling, buying or renting real estate for others; or providing related real estate services (e.g., appraisal services).

Rental and leasing. Check this box if the applicant is engaged in providing tangible goods such as autos, computers, consumer goods, or industrial machinery and equipment to customers in return for a periodic rental or lease payment.

Manufacturing. Check this box if the applicant is engaged in the mechanical, physical, or chemical transformation of materials, substances, or components

into new products. The assembling of component parts of manufactured products is also considered to be manufacturing.

Transportation & warehousing. Check this box if the applicant provides transportation of passengers or cargo; warehousing or storage of goods; scenic or sight-seeing transportation; or support activities related to these modes of transportation.

Finance & insurance. Check this box if the applicant is engaged in transactions involving the creation, liquidation, or change of ownership of financial assets and/or facilitating such financial transactions; underwriting annuities/insurance policies; facilitating such underwriting by selling insurance policies; or by providing other insurance or employee-benefit related services.

Health care and social assistance. Check this box if the applicant is engaged in providing physical, medical, or psychiatric care using licensed health care professionals or providing social assistance activities such as youth centers, adoption agencies, individual/family services, temporary shelters, etc.

Accommodation & food services. Check this box if the applicant is engaged in providing customers with lodging, meal preparation, snacks, or beverages for immediate consumption.

Wholesale-agent/broker. Check this box if the applicant is engaged in arranging for the purchase or sale of goods owned by others or purchasing goods on a commission basis for goods traded in the wholesale market, usually between businesses.

Wholesale-other. Check this box if the applicant is engaged in selling goods in the wholesale market generally to other businesses for resale on their own account.

Retail. Check this box if the applicant is engaged in selling merchandise to the general public from a fixed store; by direct, mail-order, or electronic sales; or by using vending machines.

Other. Check this box if the applicant is engaged in an activity not described above. Describe the applicant's principal business activity in the space provided.

Lines 16a-c. Check the applicable box in line 16a to indicate whether or not the entity (or individual) applying for an EIN was issued one previously. Complete lines 16b and 16c **only** if the "Yes" box in line 16a is checked. If the applicant previously applied for **more than one** EIN, write "See Attached" in the empty space in line 16a and attach a separate sheet providing the line 16b and 16c information for each EIN previously requested.

Third Party Designee. Complete this section **only** if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of Form SS-4. The designee's authority terminates at the time the EIN is assigned and released to the designee.

You must complete the signature area for the authorization to be valid.

Signature. When required, the application must be signed by **(a)** the individual, if the applicant is an individual, **(b)** the president, vice president, or other

principal officer, if the applicant is a corporation, **(c)** a responsible and duly authorized member or officer having knowledge of its affairs, if the applicant is a partnership, government entity, or other unincorporated organization, or **(d)** the fiduciary, if the applicant is a trust or an estate. Foreign applicants may have any duly-authorized person, (e.g., division manager), sign Form SS-4.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to comply with section 6109 and the regulations thereunder which generally require the inclusion of an employer identification number (EIN) on certain returns, statements, or other documents filed with the Internal Revenue Service. If your entity is required to obtain an EIN, you are required to provide all of the information requested on this form. Information on this form may be used to determine which Federal tax returns you are required to file and to provide you with related forms and publications.

We disclose this form to the Social Security Administration for their use in determining compliance with applicable laws. We may give this information to the Department of Justice for use in civil and criminal litigation, and to the cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

We will be unable to issue an EIN to you unless you provide all of the requested information which applies to your entity. Providing false information could subject you to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	6 min.
Learning about the law or the form	22 min.
Preparing the form	46 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the form to this address. Instead, see **How To Apply** on page 1.

NATIONAL SPIRITUAL ASSEMBLY
of the
BAHÁ'ÍS OF THE UNITED STATES
536 SHERIDAN ROAD, WILMETTE, ILLINOIS 60091-2849 • (847) 869-9039 • EMAIL: FINANCE@USBNC.ORG

OFFICE OF THE TREASURER

February 8, 2005

To: All Local Spiritual Assemblies

Subject: General Liability Insurance Policy Period: 11/01/04 – 11/01/05

Dear Bahá'í friends,

Every year, the National Spiritual Assembly purchases general liability insurance for Local Spiritual Assembly-sponsored events. This coverage is obtained in the interest of economy since it is very likely the cost to each Assembly for the same coverage would be far greater if purchased individually. We are asking each Local Spiritual Assembly to help defray the cost by paying \$100.00 for the policy period. **Please make your check payable to “Bahá'í Services Fund” and as a reference on the check write: “LSA Liability Insurance.” Please send your payment to: National Bahá'í Fund, 112 Linden Avenue, Wilmette, IL 60091-2800.**

Please note, if your Assembly owns or leases a Bahá'í Center you are **not** covered by our national policy. We advise that you purchase a casualty insurance policy on your building and contents and as part of your policy include a provision for public liability insurance. If you have such a policy, you need not send us the above-mentioned \$100, but we request that you send The Office of the Treasurer the name and address of your insurance company, address and value of your property, policy period, and type and limits of coverage.

For your reference, enclosed is information on our general liability coverage, a blank Request for Certificate of Insurance form, and accompanying instructions. Please include as much information about the event as possible. This form is also available online from the Treasurers page of the Bahá'í Administrative website (www.usbnc.org).

Please make your requests as far in advance as possible. Be aware that requests for other than simple proof of coverage may require additional time to process. Certificates will be sent directly to the event venue unless otherwise requested.

Please direct questions or concerns regarding liability insurance coverage to Bahá'í National Center, Office of the Treasurer – Insurance, 1233 Central Street, Evanston, IL 60201, (847) 733-3469

Please retain this letter in your files for reference.

With loving Bahá'ís greetings,

Jeremy Phelan
Controller

Information on the National Spiritual Assembly general liability coverage:

1. Coverage period: November 1, 2004 to November 1, 2005
2. Company: ZE/Usi Insurance Services, Inc.
Policy No. CPO 5449656-02
3. Limits: \$3,000,000 general aggregate
\$1,000,000 products and completed work
\$1,000,000 personal and advertising injury
\$1,000,000 each occurrence
\$ 5,000 medical expense (any one person)
4. Exclusions: The following events and/or activities are excluded from coverage:
 - Amusement rides
 - Athletics, including horseback riding
 - Children and teens, other than Sunday schools
 - Camps/Adventure camps
 - Overnight stays
 - Water activities
 - Over 50 people in attendance, other than Feasts and Sunday schools
 - Alcoholic beverages
 - Haunted House
 - Parades/floats
 - Fireworks/pyrotechnics

To download a Request for Certificate of Insurance form, log into the Baha'i Administrative Website (www.usbnc.org). Select **NSA Departments/R-Z/Treasurer/Community Resources**.

Mail, email or fax completed Request for Certificate of Insurance forms to:

ZE/Usi Insurance Services
Attention Colleen Flores
641 W. Lake Street, 5th Floor
Chicago, IL 60661

Email: colleen.flores@zurichna.com
Phone: 312-879-9200
Toll Free: 877-447-7286
Fax: 312-879-9300

ZE/USI INSURANCE SERVICES – REQUEST FOR CERTIFICATE OF INSURANCE

Dates of Event: _____ Certificate Need by Date: _____

Sponsoring Local Spiritual Assembly: _____

BLC #: _____ Address: _____

Contact Person: _____ Email Address: _____

Phone #: _____ Fax #: _____

Name & Address where event is to be held:

Name & Address of Venue requesting Certificate:

Contact Person: _____ Email Address: _____

Phone #: _____ Fax #: _____

Does the Venue have an Additional Insured Requirement: Yes ___ No ___ **If yes**, please include a copy of their insurance requirements from the contract, along with any hold harmless agreement wording.

Has the venue/service provider provided you with a certificate as evidence of their insurance? Yes ___ No ___

Event Description: Type of Event:

Describe all Activities:

Type of Entertainment:

Describe any Athletic Type Activities:

Purpose of Event: _____

Expected Attendance (#): _____ Age Group of Attendees: _____

Expected \$ Receipts (if any): _____ Is Transportation Provided: Yes ___ No ___

If this is a Sunday School please provide the following information by class:

of Classes: _____ #of Teachers & Assistants: _____ # of Students: _____ Ages: _____

ZE/USI INSURANCE SERVICES – INSTRUCTIONS FOR CERTIFICATES OF INSURANCE

THIS INSURANCE ONLY APPLIES TO LOCAL SPIRITUAL ASSEMBLIES COVERED UNDER THE NATIONAL SPIRITUAL ASSEMBLY’S GENERAL LIABILITY POLICY.

1. Complete the Request for Certificate of Insurance in full. If a question does not apply mark it accordingly. Please do not leave anything blank.
2. A typed request is preferred. If printed please do so clearly and legibly.
3. Address information should include the street address, city, state and zip code.
4. Contact names for both the Assembly and Venue should reflect accurate email addresses along with the phone and fax numbers.
5. Many venues require special “additional insured” wording and hold harmless agreements. These are usually contained in the lease or contract agreement between the Assembly and the venue. In order to meet these requirements we must have a copy of this lease and/or contract. We cannot include a venue as an additional insured without prior review of this contract. We may issue a certificate evidencing you have coverage only if this information is provided. Many certificates have to be reissued at the last minute in order to meet additional insured requirements. **IN ORDER TO MEET YOUR TIME FRAMES THIS INFORMATION MUST BE SUBMITTED AS FAR IN ADVANCE AS POSSIBLE.**
6. In lieu of any other delivery instructions, we will forward a copy of the certificate on your behalf directly to the venue via email first and fax as an alternative.
7. Description of the event is critical. The more detail provided, the faster the certificate will be issued. If this is an overnight retreat, youth camp, etc. it is imperative to include the safety measures in place to protect the participants. This would include certification information on lifeguards, camp personnel, boating instructors/supervisors, participant waivers, hold harmless agreements, etc.
8. A Waiver of Liability form is required for all participants engaging in any type of athletic activity. This includes all children and adults. Athletic activities would include swimming, horseback riding, canoeing/boating of any kind, archery, sports of any type, etc. Please secure this waiver on all participants of these types of activities and maintain a copy with your event file.
9. We require a certificate of insurance from the venue evidencing that they carry their own general liability insurance coverage. We do not require that the Spiritual Assembly be added as an additional insured. Please obtain a certificate from the venue and maintain it in your files for the specific event.
10. Any event sponsoring or participating in a **parade event** must have the insurance secured through a Special Event policy. This is provided through another carrier that has its own questionnaire separate from this one. It takes a minimum of one week to secure this coverage and usually costs between \$400 to \$700 to purchase.
11. Requests for certificates received after 4:00pm CST on a Friday afternoon cannot be handled until the following Monday.
12. **PLEASE BE DILIGENT IN FORWARDING CERTIFICATE REQUESTS AS SOON AS POSSIBLE WITH AS MUCH LEAD TIME AS ALLOWABLE.** This will insure that you have the appropriate certificate when you need it.
13. Thank you for your cooperation in following the above instructions and tips. We will do everything we possibly can to meet your deadlines as long as we are given detailed, accurate information. ZE/USi generates certificates for over 1,100 Local Spiritual Assemblies and tries to process them in date order of the specific event. It is important to communicate that you need a certificate to accompany a contract in a specific time frame in order to secure the venue.

ZE/USI INSURANCE SERVICES CONTACT INFORMATION

Colleen M. Flores, Director Business Development
Address: 641 W. Lake Street, 5th Floor, Chicago, IL 60661
Phone #: 312-879-9200
Toll Free Phone #: 877-447-7286 Ext. 9705
Fax #: 312-879-9300
Email Address: colleen.flores@zurichna.com

AUDIT PROCEDURES

Name of Bahá'í Community _____

City _____ State _____ Date Audit Performed _____

LSA/Group ID No. _____ Audit Period (Fiscal Year) _____

"It is important for your Assembly, in the future, to explain to the persons who are entrusted with the money of the Faith that in view of the National Assembly's obligation to protect Bahá'í funds, the Assembly will hold them responsible for all monies they receive, and they should therefore render proper accounts to the National Spiritual Assembly, be faithful custodians of God's trust, and be assured that such honesty and faithfulness will be richly rewarded from on High."

Letter from The Universal House of Justice, 18 May 1980

An annual audit of the financial records is one of the most important obligations of the Local Spiritual Assembly or Registered Group. These Audit Procedures are designed to assist you as "...faithful custodians of God's trust..."

Through your local treasurer, all Local Spiritual Assemblies and Registered Groups are responsible for following the uniform system of record keeping recommended by the National Spiritual Assembly (or a comparable system) and for obtaining reasonable assurance that transactions have been recorded properly in the cash journal. In addition, it should be noted whether or not your local treasurer is fulfilling his or her responsibility to make regular reports to your Local Assembly (or Registered Group) and to the community.

The audit must be performed by at least two individuals, other than the treasurer, who are selected by the Local Assembly or Group. If the situation warrants, a certified public accounting firm may be hired to carry out this vital function.

After performing the audit, the auditors must do the following:

1. Prepare a report (similar to the example on page 8) indicating the financial condition of your community and the underlying soundness of its financial records.
2. Make appropriate recommendations for any improvement in the record keeping of the local Bahá'í Fund.
3. Make a copy of the written report and submit it to the audited Local Assembly, along with a copy of the worksheet "Auditing Procedures Check List" used to perform the audit.
4. Mail the original written report and the worksheet "Auditing Procedures Checklist" plus a copy of all correspondence submitted to the Local Spiritual Assembly or Registered Group to:

**National Spiritual Assembly
of the Bahá'ís of the United States
Office of The Treasurer - AUDIT
1233 Central Street
Evanston, Illinois 60201**

The results of each year's audit should reach the Office of the Treasurer no later than **June 30th**, which is two months after the end of the fiscal year.

Thank you for performing this essential responsibility of the Local Spiritual Assembly or Registered Group.

AUDITING PROCEDURES CHECKLIST

1. Obtain a general familiarity with the accounting records and procedures outlined in the *Stewardship and Development Manual* (available from the Bahá'í Distribution Service at 800-999-9019)

These items should be obtained from the Treasurer prior to the audit:

- All bank statements, reconciliation of the bank statements, canceled checks and deposit tickets for the period being audited (probably May 1 through April 30)
- All paid and outstanding bills
- Duplicate receipt book(s) for receipts issued for all money coming into the Local Fund
- "Monthly Reports of Income & Expenses" from the Local Treasurer to LSA/Group
- Local Treasurer's reports to the Community at Feast (note: this can be the same as the report to the Local Spiritual Assembly/Group)
- Treasurer's Cash Journal
- Any additional items used by the Treasurer in performance of his or her duties
- Previous year's audit report. The opinion letter from last year's auditors should be reviewed to confirm whether all of the recommendations were implemented.

CASH BALANCES AND BANK RECONCILIATION

2. Establish the beginning and ending cash bank balance

These figures can be taken from the April bank statements for the beginning and end of the fiscal year. Record the balance for the 30th given on the statement. If balance given on the bank statement is not for April 30th, use the last balance indicated before the 30th.

Beginning bank balance (ending balance April of last year) \$ _____ (1)

Ending bank balance (ending balance April of this year) \$ _____ (2)

Now reconcile the beginning and ending bank balance to the cash journal (or check book) as of April 30th.

Beginning bank balance (same as line 1 above) \$ _____ (3)

(Add) Deposits recorded in the cash journal which were *made before April 30th* (last year) but not recorded on last years' April bank statement + \$ _____ (4)

(Subtract) Checks recorded in the cash journal which were *written before April 30th* (last year) but not cleared through the bank by the 30th - \$ _____ (5)

Reconciled beginning bank balance = \$ _____ (6)

Ending bank balance (same as line 2 above) \$ _____ (7)

(Add) Deposits recorded in the cash journal which were *made before April 30th* (this year) but not recorded on the April bank statement + \$ _____ (8)

(Subtract) Checks recorded in the cash journal which were *written before April 30th* (this year) but not cleared through the bank by April 30th - \$ _____ (9)

Reconciled ending bank balance \$ _____ (10)

You should also ascertain that the Treasurer has been reconciling the bank account on a monthly basis by reviewing several monthly bank reconciliation's performed during the year. If this procedure has not been performed regularly, include a recommendation in your report to the local Spiritual Assembly or Group that this be done.

Does the Treasurer reconcile the bank statements each month? Yes _____ No _____

3. Establish the beginning and ending cash journal balances

Examining the cash journal, compare the beginning cash balance for the year under review to the ending cash balance for the previous year. These should be the same. Also check to make sure the beginning cash journal balance equals the beginning reconciled bank balance.

Previous year's ending cash journal balance (if available) \$ _____

Beginning cash journal balance \$ _____

Reconciled beginning bank balance (from line 6, part 2) \$ _____

These three figures should agree. Explain any discrepancy:

Make sure the ending cash journal balance equals the ending reconciled bank balance. When discrepancies occur look for: bank service charges, returned checks due to insufficient funds, transposed numbers, etc.

Ending cash journal balance \$ _____

Reconciled ending bank balance (from line 10, part 2) \$ _____

These should agree. Explain any discrepancy:

INCOME AND DISBURSEMENTS

4. Verify that bank deposits were correctly recorded in the cash journal

Add all the deposits shown on the monthly bank statements within the time period being audited to obtain a year-end total. Compare this figure to the final year-to-date entry in the cash journal for deposits.

Total deposits per bank statements \$ _____

Total deposits per cash journal \$ _____

These should agree. Explain any discrepancy:

If the total recorded in the cash journal differs from the bank statement total, do a month-by-month check of the cash journal entries for errors.

Compare the date of randomly selected deposits to the date that the contributions being deposited were received. Determine if there were any unusual delays in depositing money in the bank. (Note: We recommend that the Treasurer make separate deposits for each Bahá'í month, not allowing money from one Bahá'í month to be deposited with another Bahá'í month. This makes checking for errors much easier, not only for the auditors but for the Treasurer as well. If this procedure is not followed, the auditor should recommend it to the Assembly.)

Are there unusual delays in making bank deposits? Yes ___ No ___

Does the Treasurer deposit monies contributed during each Bahá'í month separately? Yes ___ No ___

Comments:

5. Compare total receipts to total bank deposits

Make sure all revenue has been receipted, including anonymous contributions, expense refunds, etc. Be sure receipts are numbered and prepared in duplicate. (Note: We recommend the use of pre-numbered carbon receipts.) Assure that receipts are prepared and worded appropriately, as described in the *Stewardship and Development Manual*.

Are receipts prepared for all revenue? Yes ___ No ___

Are receipts numbered and prepared in duplicate? Yes ___ No ___

Comments:

Determine the total dollar amount of receipts written during the period under review by adding together the receipts in the receipt book. The total receipt figure must then be adjusted by subtracting the total dollar amount for contributed expenses. (Remember that contributed expenses are receipted but are not indicated as bank deposits.) The adjusted receipt total should then agree with total deposits as recorded on the bank statements.

Total receipts per receipt book	\$ _____
(Subtract) Total "contributed expenses"	- \$ _____
<i>Adjusted</i> figure (receipts minus contributed expenses)	= \$ _____
Total deposits per bank statement	\$ _____

The last two figures should agree. Explain any discrepancy:

(Note: If the total deposited into the bank is greater than the total of receipts issued, this may indicate that receipts were not issued for all incoming monies. If this is the case, include a recommendation in your report that receipts be issued for all incoming monies.)

As a last step, review the "Other Income" column in the cash journal for any significant entries. Examine the corresponding receipt and other supporting documentation to determine that the item is properly recorded. If an entry in the "Other Income" column was for an earmarked contribution to another Fund, check to be sure that the contribution was properly forwarded.

Are there any problems with entries in the "Other Income" column? Yes _____ No _____

Comments:

6. Verify checks and expenses

Randomly review a number of checks for the proper authorized signature(s). Select several expenses recorded in the cash journal and compare the amount recorded to the amount on the canceled check and the amount owed as shown on the supporting bill or invoice. Examine the bill or invoice and determine the nature of the expense. Verify that the amount has been allocated to the proper expense category. Be sure to examine the supporting documentation for any sizable checks and checks payable to individuals.

Are there any evident problems uncovered by the spot check of canceled checks and supporting documentation? Yes _____ No _____

Comments:

Make sure the Treasurer is utilizing pre-numbered checks. If not, make a recommendation that this be done.

Is the Treasurer using pre-numbered checks? Yes _____ No _____

When reviewing the checks and receipts documenting the community's monthly contribution to the Bahá'í Funds, verify that such contributions are being forwarded on a regular and timely basis. Be sure to indicate any problems in your report.

Are monthly contributions to the Bahá'í Fund forwarded regularly and on time? Yes _____ No _____

Comments:

7. Balance the cash journal entries

Utilizing the final year-to-date totals, reconcile the cash journal using the procedure for checking the accuracy of the journal entries found in the *Stewardship and Development Manual*. If there are any problems not accounted for by the treasurer and resolved in a timely manner, use month-by-month checks to determine the source of the error.

Beginning cash balance	\$ _____
<i>(Add) Deposit</i>	+ \$ _____
(Subtract) Checks	- \$ _____
Ending cash balance	= \$ _____
Beginning cash balance	\$ _____
(Add) Income	+ \$ _____
(Subtract) Expenses	- \$ _____
Ending cash balance	= \$ _____

8. Review reporting procedures

Ensure that the Treasurer is reporting accurately to the Spiritual Assembly or Group by reviewing the “Monthly Report of Income and Expenses.” If possible, make sure the monthly totals in the cash journal agree with the appropriate report.

Is the Treasurer reporting properly to the Assembly (or Group) each month? Yes _____ No _____

If possible, make sure the final year-to-date totals in the cash journal agree with the amounts shown in the annual “Financial Report to the National Spiritual Assembly.”

Do the cash journal figures agree with the amounts reported to the National Assembly? Yes _____ No _____

Comments:

9. If in-kind gifts were received by the Assembly or Group during the year, they should be examined closely. The auditors should review the following:

- Receipts issued to the donor of the in-kind item(s)
- Cash receipt issued to the buyer if the item was sold
- List of inventory for in-kind items on hand (note: auditors should personally verify the existence of each item)

The auditors should refer to the *Stewardship and Development* Manual to ensure that in-kind contributions are documented and receipted appropriately.

Comments:

10. Prepare your report to the Spiritual Assembly or Group. A sample report is attached. Do not use a photocopy of this sample - write your own report including any comments you may have about the accounting procedures. Distribute the audit report and worksheet as shown on page one of this document.

SAMPLE REPORT

Note: The final auditor's report can be modeled after this example, and should be distributed as shown on page one.

AUDITORS REPORT TO THE LOCAL SPIRITUAL ASSEMBLY/REGISTERED GROUP (and the National Spiritual Assembly of the Bahá'ís of the United States)

SPIRITUAL ASSEMBLY OF THE BAHÁ'ÍS/REGISTERED GROUP
OF _____
BAHÁ'Í LOCALITY CODE _____

Dear Bahá'í Friends:

We have examined the financial records of the Bahá'í Fund of (*name of Local Spiritual Assembly/Group*) for the fiscal year ended April 30, _____. Our examination was made in accordance with the audit procedures specified by the National Spiritual Assembly's Office of the Treasurer, and included such other auditing procedures as we considered necessary under the circumstances.

In our opinion, the Financial Report and financial records referred to above (*are/are not*) fairly presented for the fiscal year ended April 30, _____ in conformity with the accounting procedures specified by the National Spiritual Assembly's Office of the Treasurer.

Our examination (*did/did not*) disclose any significant weaknesses in record keeping procedures. The following observations noted during our audit (*if any*) and suggestions for improvement in record keeping procedures (*if any*) are presented below:

- 1.
- 2.
- 3.

With warm regards,

(Signature of First Auditor) (Date)

(Signature of Second Auditor) (Date)

Special Note: If discrepancies were discovered which could not be corrected before submitting this report, then a paragraph should be inserted between the first and second paragraphs above describing such discrepancies, and the opinion paragraph appropriately modified. If significant weaknesses in record keeping procedures were noted, then the third paragraph above should be modified. Use additional sheets as necessary.

A primary requisite for all
who have responsibility
for the care of the funds of the Faith
is trustworthiness.

This, as Bahá'u'lláh has stressed,
is one of the most basic and vital
of all human virtues, and its exercise
has a direct and profound influence
on the willingness of the believers
to contribute to the Fund.

— *The Universal House of Justice*

6. Accounting Matters

This chapter starts with the most basic accounting terms and methods: things to get your Assembly's financial affairs up and running. Then we graduate to more complex issues that you will face as the community grows.

Treasurer's Basics

I. GETTING STARTED

- A. Apply for an Employee Identification Number (EIN), if your Assembly does not have one (see example and blank application at the end of the chapter)

The Internal Revenue Service requires that each local Assembly obtain its own Employer Identification Number (EIN). If you are one of the assemblies that has not yet applied for an EIN, you need to do so as soon as possible. The number 36-2170876 (which was previously used by the National Spiritual Assembly and is no longer valid) should not be used.

A sample SS-4 form and an application form with instructions are provided in Chapter 5. Please be sure that Section 8a is completed as shown in the sample. GEN 9508 identifies your Assembly as a subordinate entity of the National Spiritual Assembly. The completed SS-4 form can be sent directly to the IRS Regional Service Center assigned to your area or the information can be given verbally using a special Tele-TIN phone number. Please read the instructions for these details.

Upon notification of your EIN by the Internal Revenue Service, please report your number to the National Spiritual Assembly at:

Office of the Treasurer
Attn.: EIN—Bahá'í National Center
1233 Central Street
Evanston, IL 60201

- B. Open a Checking Account for the Local Fund

When you open your checking account, order duplicate pre-numbered

checks which have the name of your community's Local Fund printed on them. If, for example, you live in Bountiful, Utah, your checks could read *Bountiful Bahá'í Fund*.

Duplicate checks make a carbon copy of each check that is written. This can be of great assistance when balancing your check book. If you need help, most banks will be happy to show you how to use a checking account. Be sure to balance your checkbook as soon as you receive the bank statement each month. If you have problems, don't hesitate to ask your bank for assistance.

To make the best arrangement for your Assembly, you should compare the services offered by several banks. Many provide free checking to religious organizations. They will probably ask for a *Federal Identification Number*.

C. Purchase:

1. a *duplicate receipt book*

A duplication of effort should not *always* be avoided. You will learn later that it is important to prepare receipts for all money coming into the Local Fund. Therefore, you need to add a *duplicate receipt book* to your shopping list. This type of receipt book simply makes a carbon copy of each receipt written.

It is important to duplicate receipts so that both the contributor and the Treasurer have a record of the money coming into the Fund. The friends may need this record for income tax purposes. Many people think a canceled check is sufficient proof of making a contribution to a religious organization, however, this is not always the case. A receipt is sometimes required for additional proof.

2. *pocket file folders* for paid and unpaid bills

To avoid spending hours hunting for a bill you need to pay but can't find, you will want to buy two *pocket file folders*—one for paid bills and the other for unpaid bills. These will allow you to store your bills in an orderly manner so they can be found quickly when necessary.

3. a two-page, 16-column accounting paper for post binders. (The paper is usually 9 - 1/4 x 11 - 7/8)

4. a hard-cover, 2-post binder for the paper.

5. a three-ring binder for permanently storing reports.

-
6. a calculator.
 7. a rubber stamp with *For Deposit Only* and the name and number of your account printed on it for endorsing checks. (optional)
- D. See that *contributions goals* are established for the Assembly and the community (see Chapter 5)

II. RECEIVING OFFERINGS FROM THE FRIENDS

A. Prepare *duplicate receipts* for all contributions

The Universal House of Justice instructs us that a receipt is required for each and all contributions. In fact, *duplicate* receipts should be issued; in a manual system, these can be done without extra effort by using a booklet with carbon sheets or pressure-sensitive paper. Not only is giving a receipt a good business practice, but this habit creates a permanent record of all money coming into the Funds. A complete receipt record protects the contributor, the Treasurer and the Assembly. The receipt should include:

- donor's name
- date
- purpose
- amount
- name of the Assembly
- signature of the Treasurer or other authorized person

Be sure to number the receipts consecutively. Pre-printed and numbered receipts are even better if you can find them, as they leave a better "audit trail."

B. *Keep abreast of tax changes* that affect all aspects of giving and the documentation required for receipting gifts (note those in Appendix B)

Recent changes to the tax laws affecting not-for-profit organizations contain a number of significant provisions affecting tax-exempt charitable organizations. These laws affect Spiritual Assemblies and Bahá'í Groups and include:

- New substantiation requirements for donors, and
- New disclosures for charities

A canceled check is no longer enough proof, or substantiation, for de-

ducting a contribution; this is a major change that affects every believer who pays taxes. There are several other changes, too, so please read the letter from the Office of the Treasurer to all Local Spiritual Assemblies and Groups dated April 12, 1994, and review the tax publications in Appendix B.

C. Distribute receipts to the contributors

The method of distributing receipts will also vary from community to community, depending on the way contributions are accepted. If someone hands in a contribution at Feast, the Treasurer may want to prepare a receipt immediately. If contributions are placed in envelopes, receipts can be returned the same way. Whatever method you use, make the giving and receipt process both efficient and confidential (see the end of this chapter for original fund contribution forms you can photocopy and make available to the friends).

What About Receipts for Loose Change?

Often loose change is contributed anonymously. Who would get the receipt in this case? An easy question to answer—nobody. All the Treasurer does is make out a receipt to “Anonymous” and retain both the original copy and the duplicate as proof that money was received.

The rule for Treasurers is to prepare a receipt for all *money coming into the Local Fund*, whether it is a contribution or other income. The Treasurer should also write duplicate receipts so that a copy can be kept on file. But what about unusual contribution situations that seem to require special handling?

D. In-Kind Contributions

When the friends contribute something other than money (such as one gold pin with a three-diamond setting) to the Fund, first the Treasurer needs to log the item in an inventory book of non-cash items; a simple notebook or spreadsheet will serve for this purpose. Then, she attaches a tag with the corresponding inventory number to the item. The log would then include the number, the donor’s name, the item’s description, the contribution date, the Bahá’í Fund that the offering was intended for, appraised value (if available), the selling date and selling price. Such items should be kept in the Assembly’s safety deposit box.

1. Issue a receipt in such situations by giving a written description of the donated item on the receipt. The donor, not the Treasurer, is responsible for proving how much a gift is worth if the Internal Revenue Service should ask.

If the donor wants to deduct the value of the donation as a chari-

table contribution on their federal income tax return, they must do the following:

- a. If the value is in excess of \$5,000, **the donor** should have a qualified independent appraiser value the item as of the date of the gift.
- b. **The appraiser** gives the donor an appraisal report and Internal Revenue Service Form 8283 (see Appendix B) with the appraiser's section filled out and signed.
- c. **The donor** will need to submit Form 8283 to the local Bahá'í Treasurer to sign and indicate the date of the gift.
- d. **The Treasurer** returns 8283 to the donor who attaches it to his income tax return for the year in which the donation is claimed as a deduction.
- e. **The Treasurer** should make a copy of all Forms 8283 signed for donors and keep them on file.

If the item is sold within two years of the date of its donation, the Treasurer must file an Internal Revenue Service Form 8282 (see Appendix B) with the IRS and send a copy to the donor.

One additional suggestion: it might be best to ask the donor if she would prefer selling the item herself, giving the proceeds to the Fund. The donor may have an easier time disposing of the item than will the Treasurer.

2. Selling a Contributed Item

The Treasurer may be called upon to sell an item given as a gift to the Bahá'í Fund. It does not matter who purchases it, Bahá'í or non-Bahá'í, since the money is exchanged for the original gift to the Fund. The sale amount should, therefore, be entered in the cash journal as a contribution. As usual, whoever buys an item is given a receipt, but this receipt should include a brief description of the item and its estimated market value. For more information please read the letter from the Office of the Treasurer to all local Spiritual Assemblies and groups, dated April 12, 1994, printed in *Appendix B*.

The amount of the sale counts toward the community's contribution goal *in the month the item is sold* even though it may have been given to the Fund several months earlier. The item's value cannot really be established until it is sold, so to enter any figure when the gift is first received would distort the Assembly's financial picture.

3. Donated Real Estate

The following are the steps that should be followed when a gift of real estate is offered to the Assembly:

- a. The Assembly must first decide whether it wishes to receive the property; occasionally, Assemblies must gracefully decline to receive such a gift, and have the right to do this. Some of the factors that might cause an Assembly to decline the gift would be earmarking restrictions the Assembly cannot comply with; the condition of the property and whether costs would have to be incurred in making the gift salable; a negligible market value or a reliable assessment that the property could not be sold in a reasonable period of time, subjecting the Assembly to tax and other expenses; or the presence on the property of an environmental hazard.
- b. Before committing to receive the property, the Assembly should have certain inspections made, especially those that would detect toxic chemicals or other hazards; the donor may not know these things are present, but the Assembly does need to do its “due diligence” in the matter. The cost of such inspections should be discussed with the donor, who may be willing to bear all or part of the expense; and then the Assembly must decide whether it is willing to incur the expense in order to obtain the benefit of the gift.
- c. Once agreement is reached, the donor’s lawyer prepares a deed transferring the donor’s interest in the real property to the Bahá’í institution (that is, “for the benefit of Spiritual Assembly of the Bahá’ís of Your Town”). The lawyer should have the deed recorded in the county recorder’s office in the county where the property is situated and then send the recorded deed to the Assembly. It is also very helpful if the donor can send the Assembly a copy of the donor’s title policy or abstract of deed.
- d. The Assembly should issue a receipt to the donor acknowledging the donation of real estate “situated in the City or Town of . . . , County or Parish of . . . , State or commonwealth of . . . , commonly known as (and then give the mailing address for the property).” The receipt should acknowledge the gift as of the date the deed is recorded. No dollar value should be stated in the receipt. The receipt should also state that no goods or services were furnished to the donor in consideration of this gift.
- e. At the time the property is received the Assembly will need to

notify its insurance agent to determine if it needs to obtain (or “bind”) insurance coverage effective on the date of receipt. Insurance may not be needed for vacant land, but it will certainly be needed if there are any structures on the property.

- f. If the donor wants to deduct the value of the donation as a charitable contribution on his federal or state income tax return, the process is like the one used for In-Kind contributions (see above):

If the value is more than \$5,000, the donor should have a qualified independent appraiser appraise the real estate as of the date of the gift. The date of the gift for tax purposes is the date the deed is recorded. The appraisal must be completed and presented to the donor before he files his tax return. The appraiser will give the donor the appraisal report and IRS Form 8283 (see Appendix B) with the appraiser’s section filled out and signed.

The donor will need to send Form 8283 to the Assembly to sign and indicate the date of the gift. The Treasurer must sign the form and return it to the donor who then attaches it to his income tax return for the year in which he claims the donation as a deduction. The Assembly should photocopy and keep on file all Forms 8283 signed for donors.

- g. After the Assembly receives the deed, it will usually want to contact a reputable real estate agent and list the property for sale on a multiple listing basis. Assemblies are not in the real estate business, so holding a property as an investment is usually not a good idea unless the Assembly can look to very knowledgeable people, Bahá’ís or not, for reliable advice on the market.

A number of things should be considered in selecting an agent. The agent should be able to demonstrate some experience with sales of similar properties, and should outline the marketing strategy to attract buyers. The agent should be able to provide information on com-parable sales and prices in the area.

The Assembly should place an expiration date on the listing that is in line with custom and usage in the area; normally this is not more than 6 months. The agent’s commission should be commensurate with the custom in the market, and is usually negotiable. The Assembly will need to keep in touch with the agent and receive periodic progress reports.

- h. The Assembly may also need the services of a lawyer to represent them in the sale. Many states, however, use escrow compa-

nies to transfer title, and lawyers are not needed. A title company typically will act as the escrow agent. The title company does a title search, issues a title insurance policy, draws up the deed and settlement statement and computes all of the expenses involved. After all of the documents are ready and the funds are on deposit, the title company will close the transaction.

In states that do not use escrow companies, an attorney will be needed to order the title insurance or abstract the deed and represent the seller at the closing. In most instances the realtor can recommend a lawyer for this purpose. The lawyer can be used to review and approve any contract terms in a purchase offer, but the Assembly of course makes the final decision on whether to accept an offer and enter into a contract to sell.

- i. The attorney handles all communications with the buyer's attorney, and the realtor will handle communications with the buyer or the buyer's realtor.
- j. After an offer has been received, the Assembly needs to decide whether to accept the offer "as is" or to propose a counter offer with different terms. Normally, any offer a buyer proposes is answered with a counter offer. The Assembly will need to consult with legal counsel before signing any offer or making any counter offer as there are a number of important protections that need to be in place and in effective form in the counter offer.
- k. After the contract is signed, the lawyer prepares the documents to close the deal. In order to accomplish this, she will need a certified copy of the Assembly's "resolution to sell." She will then prepare a deed, affidavit of title, seller's closing statement and various other documents for the Assembly to sign and return. It may be useful to give the attorney a power of attorney to sign any other papers as may be needed at the closing.
- l. When the property is sold, the Assembly will need to be sure to cancel any insurance coverage it may have on the property. Also, if the property is sold within two years of the date of its receipt by the Assembly, the Assembly must file IRS Form 8282 and send a copy to the donor.

4. Contributions of Stock

There are two ways that your Assembly can receive offerings in the form of stock shares: broker to broker, and via stock certificates.

- a. Broker to Broker

When stock is in a “street name”, the Treasurer should ask the donor to instruct his broker to transfer the stock to a broker used by the Assembly. If the Assembly does not have a broker, it will want to find one if it expects to get gifts of this kind. Referrals from friends known to the Treasurer and the Assembly are a good starting point in the search for a good broker.

The Assembly’s broker will inform it on the day the stock is received into the Assembly’s account. The Assembly would normally give the order to sell the stock immediately; again, Assemblies are not in the investment business and holding the stock means the Assembly is speculating on its future value.

b. Stock Certificate

When the donor has possession of a stock certificate which is in the donor’s name, the Treasurer would instruct the donor to send the stock certificate by certified or registered mail to the Assembly, together with a letter stating that the stock is a gift to the Local Spiritual Assembly; the gift may be made without restrictions or, if the donor has a specific purpose in mind, with the expressed wish, hope and desire that the proceeds of the stock’s sale might be used for a particular fund or project.

Also, the Treasurer should instruct the donor to sign a *blank* stock power (a form that transfers control of the stock to the Assembly) and mail it separately, for security reasons, by *regular* mail to the Assembly. The Treasurer sends the stock certificate and the signed stock power by *certified* mail to the broker used by the Assembly with instructions to sell the stock.

The donor should not go to the trouble of having a certificate issued in the name of the Local Assembly. The transfer can be done as described above.

c. Issuing Receipts for Gifts of Securities

Upon receiving the securities, the Treasurer should prepare a receipt as of the date they are received and indicate the number of shares and a description of the securities. The IRS requires the donor to determine the value of the donation based on the closing price for the security on the date the donor places the shares in the mail, or in the case of an electronic transfer, the date of the transfer. It is not necessary, and may in some instances prove misleading for tax purposes, for the Treasurer to specify a value for the securities if he values the shares on any date other than the correct date for tax purposes. If the donor wants to know the value on the date of receipt by the Assem-

bly, it is permissible for the Treasurer to indicate that information on the receipt as long as the receipt clearly marks that the value is as of the date of receipt and that for tax deduction purposes the proper value is as of the date of mailing or transfer.

5. How Are Contributed Expenses Receipted?

Here is another situation that might cause difficulty in issuing a receipt. The friends will often travel or purchase an item at the direction of the Spiritual Assembly and ask that their expenses be counted as a contribution to the Fund.

They should provide the Treasurer with expense reports and actual bills supporting it. After the Treasurer confirms the accuracy of the expense report, she should issue a receipt for the contributed expenses. Be sure to list the amount both as a contribution AND as an expense in the Cash Journal (see *Tips on Recording Unusual Income*).

III. PUTTING THE FUND TO USE

A. *Contribute regularly* to the National Bahá'í Fund and the other Bahá'í Funds

To help build the Kingdom of God on Earth, money contributed by Bahá'ís must be in motion. A Treasurer's goal is not to see how large a bank balance the Assembly can accumulate, but to channel money at the direction of the Assembly to carry forward the work of the Cause. Contributions which are earmarked for funds other than the Local Fund should be forwarded to the respective funds immediately after they are deposited and collected by your bank. Any interest earned on money for other than local Funds while it sits in your Assembly's bank account actually belongs to those Funds and *not* to the local Assembly.

B. *Pay* all bills promptly

One of the Treasurer's functions is to pay the bills. There are several points to remember each time we spend money from the Local Fund.

- First, be sure that the Assembly approves all expenses. Routine bills, however, can be given general approval on a continuing basis.
- Second, make sure that bills are paid promptly. Pay all bills by check. Do *not* use cash from contributions.
- Third, keep a copy of all bills and then write on the bills or invoices the date, amount, and check number used to pay them.
- Fourth, file these bills in your paid bill folder.

-
- Fifth, be sure to keep a running balance of the amount left in the bank after writing each check. This will keep you from overdrawing the account and make it easier to balance the monthly bank statements.

Note: If your Local Assembly is operating a local bookstore or Bahá'í center, it would be very wise to establish a separate bank account. This account should be used to deposit all the proceeds from sales of books and to purchase inventory.

IV. A LARGER COMMUNITY HAS MORE COMPLEX NEEDS

Now that we have covered the basics, you may feel that your community needs a more detailed bookkeeping system. This section, therefore, contains information on how to prepare and use a budget; additional receipting issues; how to use a *cash journal* (an accounting book which makes it easier to give the Assembly more information on the flow of money through the Local Fund); some special issues the Treasurer will face; and how to develop more detailed reports for the Local Spiritual Assembly and the community.

Here are some suggestions about handling a larger community's Fund by building upon what has already been learned in this chapter. Adding a few new tools—a budget, a cash journal and report forms—will make it possible for the Treasurer to give the Assembly a more detailed picture of the money coming into the Fund and how it is being spent.

A. Automating the Treasury

Your Assembly should consider purchasing a computer, or at least ensuring that it has access to one, as a necessary pre-condition to entry by troops—the volume of work you are preparing for makes a computer essential. For its part, the National Spiritual Assembly is committed to building an information network that will link all Assemblies, facilitate their work, and make it possible for them to share ideas and experiences in ways never before possible; you surely do not want to miss out on that!

All the tasks outlined below will become easier to do with a computer, once the initial time investment has been made. Your software needs may range, depending on your size, from a simple spreadsheet program like Excel or Lotus 1-2-3, to a more comprehensive package like *Quickbooks*, which serves most needs of a medium-sized business or charitable organization. The National Assembly is also working on an early version of a package designed to support all the Local Assembly functions, including those of the Treasurer. Watch for updates on the LSAI program in *The American Bahá'í*.

Some of the friends may feel initially that using such tools is not “spiritual.” It is true that the intimacy of manual receipts, for example, can be much appreciated by the believers in your community. The scope of the Faith requires us, however, to move on, at least in regard to such routine matters. The Assembly and community can and should find other ways to maintain that sense of intimacy; after all, the spirit is in the hearts, not in a ledger-book!

V. HOW TO USE A CASH JOURNAL

The cash journal is a kind of diary that the Treasurer keeps, recording everything that happens in the Local Fund. You may use a paper ledger, a computer spreadsheet, or a commercial accounting package that automates these tasks. In any case, the basic process will be the same. The information contained in the cash journal helps to:

- keep the Assembly’s checking account up to date
- provide background information on all money taken in or paid out of the Local Fund
- categorize expenditures according to the Assembly’s budget

The cash journal is set up using a *double-entry system*, which means that every amount is recorded twice. This allows the Treasurer to check the accuracy of all work while saving time in the long run.

A. How Is the Cash Journal Set Up?

Each column of the cash journal should have a heading. Working from left to right, as in the example on page 138, make a column for the DATE, the DESCRIPTION of the entry, the CHECK NUMBER and the RECEIPT NUMBER.

The next three columns have the general heading of CASH IN BANK. This is where the record of the Assembly’s checking account is kept. Under CASH IN BANK, the first column is titled *Deposits* and is where money going into the checking account is recorded. The next column, where we record money paid out, is titled *Checks*. Finally, there’s a column to keep track of the check book *Balance*, which goes up or down every time a deposit or a check is entered.

The remaining cash journal headings are taken from the community’s budget. Under the general heading of INCOME, money coming into the Fund is described either as a *Contribution* or as *Other* income. Under the general heading of EXPENSES, money paid out is described by recording the amount under one or more related budget categories. The Treasurer might need columns for such expenses as:

-
- The Bahá'í International Fund (BIF)
 - The Continental Bahá'í Fund (CBF)
 - The National Bahá'í Fund (NBF)
 - Regional Bahá'í Council (RBC)
 - Administrative expenses—postage, stationery, hall rental and refreshments for Feasts; liability insurance (the Assembly receives an annual bill from the National Spiritual Assembly); Post Office box rental, typewriter or computer supplies, telephone bills, etc.
 - Scholarships
 - Education—children's classes, institute teacher expenses, special consolidation programs
 - Teaching—Firesides, audio-visual aids, transportation, extension teaching activities, etc.
 - Proclamation—literature, hall rental, speaker expense, publicity, refreshments, etc.
 - Other expenses—unusual expenses such as an inter-community activity that may not fit into another category. Property is another example—used only if the Assembly owns real estate (land or buildings)

B. How Do I Use the Cash Journal?

Now that the cash journal is set up, you are ready to begin making journal entries. These should be made in ink. However, you might use pencil when totaling each column in case there is a math error.

1. Recording Contributions in the Cash Journal

We have already seen that when the Treasurer takes in contributions to the Fund, she should make out a receipt for each gift. However, it is not necessary to make a separate journal entry for every receipt. Instead, the Treasurer should total current receipts and enter this amount on one line of the cash journal. For example, receipt numbers 101–110 are totaled and one entry is made for \$200.00 rather than making several smaller entries (see line 6 of the sample cash journal, page 138).

To make an entry in the cash journal, first write the DATE, the DESCRIPTION, and the RECEIPT NUMBERS used. Next, total the receipts and enter the amount as a *Deposit* under CASH IN

BANK, increasing the *Balance* by the same amount. Then record the amount as a *Contribution* under the general heading INCOME (or EARMARKED CONTRIBUTION, as applicable). Be sure to deposit all money in the bank as soon as possible!

2. Tips On Recording Unusual Income

Whenever the Assembly sells something it owns (i.e. a filing cabinet), or receives a contribution earmarked for another Fund, the income is recorded in much the same way a regular contribution would be. The difference is that the amount should be entered in the *Other* column under INCOME.

Note: Earmarked contributions given “in support of the Assembly’s budget” should be listed as *Contributions* to the Local Fund since they count as part of the Assembly’s budget goal. Contributions over which the Assembly is *not* given discretion, that are *not* in support of a specified budget category, are handled differently, as “other income” or “earmarked contributions.”

3. Recording Expenses in the Cash Journal

Expenses are recorded in much the same way that income is. First, the DATE, DESCRIPTION, and the CHECK NUMBER are recorded. The amount is listed as a *Check* under CASH IN BANK and subtracted from the *Balance*. Moving over to the EXPENSE columns, the amount should also be entered under the proper category. This method of recording expenses allows the Treasurer to relate them easily to the annual budget and helps the Assembly see how the money is being used.

4. The Use of Brackets in the Cash Journal

Every Income or Expense category has to allow for both the addition and the subtraction of money. A larger system would accomplish this by using not one but two columns under each heading. In this handbook, additions and subtractions are handled through the use of brackets.

The bracket merely indicates the opposite or reverse of a usual entry. That is, whenever a bracket appears, the bracketed amount is subtracted from the column total. The result would be less income or less expense, depending upon the transaction. For example, the Treasurer may give a cash advance to an individual to purchase deepening materials for the Assembly. This expense is listed under the *Education* expense column. If some of the money is returned, a way must be found to credit the *Education* category since the money originally listed in that expense area was not all spent. This is done by using brackets as in line 21.

5. Checks that Bounce

There may be times when a contributor's check to the Local Fund will be returned by the bank. Stamping the check NSF (Not Sufficient Funds) is the bank's way of informing you that the contributor did not have enough money in the account to cover the check. Most of the time, the individual can be contacted and the check re-deposited. If this cannot be done, make an entry in the cash journal and subtract the amount of the check from the *Deposit, Balance* and *Contributions* columns.

6. Totaling Columns Each Bahá'í Month

Every 19 days the Treasurer should add up the entries in each column and write the sums on the line described as Total (*month*). This shows at a glance what happened under each column during those 19 days. Next the Treasurer adds these totals to those of past months to arrive at the Total Year-to-Date figures. These updated totals enable the Treasurer to see how much money has been received or how much has been spent in each column since the beginning of the year. Having these totals available in the cash journal makes it easier to prepare monthly and year-to-date reports to the Assembly and the community.

7. Balancing the Monthly Bank Statement

This task is quite simple *if* it is done regularly, as soon as the bank statement arrives, and a cash journal that is current will help. Along with the statement, you will receive canceled checks and deposit slips (or images of them). Set up a form like Figure 1, below, to make sure that your records agree with those of the bank. Many times, the bank will provide such a form on the back of their statement. Follow up on checks which have been outstanding for more than two months. If there are ever problems balancing the account you can ask the bank or another Treasurer in your area for help (see Figure 1 on p. 138).

C. Keeping Your Cash Journal Accurate

The following procedures should be carried out each month to make sure that all additions and subtractions are correct.

First, take the *Balance* under CASH IN BANK at the start of the month and add the month's total INCOME. Then, subtract the month's total EXPENSES. The remaining amount should be the same as the final *Balance* under CASH IN BANK. For an additional check, take the month's beginning *Balance* under CASH IN BANK, add total *Deposits*

BANK RECONCILIATION		
BALANCE PER BANK STATEMENT	<u>May 31, 1997</u>	\$ <u>384.00</u>
ADD: DEPOSITS NOT CREDITED		
	<u>May 31, 1997</u>	\$ <u>150.00</u>
	<u>May 30, 1997</u>	\$ <u>2.00</u>
	<u>June 1, 1997</u>	\$ <u>25.00</u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	Total	\$ <u>177.00</u>
DEDUCT: OUTSTANDING CHECKS		
#	<u>1005</u>	\$ <u>22.00</u>
	<u>1006</u>	\$ <u>80.00</u>
	<u>1007</u>	\$ <u>25.00</u>
	<u>1008</u>	\$ <u>140.00</u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	Total	\$ <u>267.00</u>
BALANCE PER BOOKS,	<u>June 4, 1997</u>	\$ <u>294.00</u>

Figure 1: Form for Balancing the Bank Statement

for the month and subtract total *Checks* for the month under CASH IN BANK. Again, the remaining amount should be the same as the final *Balance* under CASH IN BANK.

We can use a similar procedure for checking the *year-to-date* totals. Begin this time with the starting *Balance for the Year* (in the example, \$50), adding the year-to-date INCOME and subtracting year-to-date EXPENSES. The results should be the same as the final *Balance* under CASH IN BANK. If the right *Balance* does not come up, check each entry and addition carefully.

The second test of the year-to-date addition takes the starting balance for the year as explained above, but this time adds the year-to-date *Deposits* and subtracting the year-to-date *Checks*. Again, the remaining amount should be the same as the final *Balance* under CASH IN BANK.

In summary, the four procedures for checking the accuracy of the Treasurer's work are:

1. Beginning Balance (month) + Income (month) - Expenses (month) = Ending Balance

-
2. Beginning Balance (month) + Deposits (month) - Checks (month) = Ending Balance
 3. Beginning Balance (year) + Income (year-to-date) - Expenses (year-to-date) = Ending Balance
 4. Beginning Balance (year) + Deposits (year-to-date) - Checks (year-to-date) = Ending Balance

D. A Sample Cash Journal

On the next several pages, we have included a sample cash journal to help demonstrate the kinds of entries the Treasurer will probably encounter as the year progresses. It might be helpful to take time to examine each entry to get a better idea of how the system works as a whole. The Treasurer may want to duplicate this journal using a computer spreadsheet. If your Assembly already has an accounting program, you may want to skip to the next section.

1	A	B	D	F	G	H	J	K	L	N	O	P	Q	R	S
2	DATE	DESCRIPTION	Receipt/ Check #	CASH IN BANK			INCOME			EARMARKED CONTRIBUTIONS					
3	1-May	BEGINNING BALANCE		DEPOSITS	CHECKS	BALANCE	Contrib.	Other	Total	NBF	BIF	ARC	CBF	Other	Total
4						50									
5	10-May	Contributions (Earmarked BIF)	101	150		200			-		150				150
6	14-May	Contributions	101-110	200		400	150		150	10	10	20	10		50
7	14-May	Contributions (Earmarked ARC)	111-114	100		500			-			100			100
8	14-May	Bahá'í National Fund- LSA Goal	1001		140	360			-						-
9	14-May	Bahá'í National Fund	1002		300	60			-	(10)	(160)	(120)	(10)		(300)
10	15-May	Lynne Duffy (postage)	1003		10	50			-						-
11	16-May	Office Supply Co.(Stationery)	1004		16	34			-						-
12	16-May	Contributed Expense	115			34	15		15						-
13		Total Jamál		450	466		165	-	165	-	-	-	-	-	-
14		Total Year-to-Date		450	466		165	-	165	-	-	-	-	-	-
15															
16	18-May	Contributions	119-134	300		334	200		200	20	30	50			100
17	24-May	Contributions (Earmarked)	135	100		434			-		50	50			100
18	24-May	National Bahá'í Fund- LSA Goal	ACS		50	384			-						-
19	25-May	Tom Wilson (cash advance-picnic)	1005		22	362			-						-
20	25-May	Received Gold Pin	135			362			-						-
21	30-May	Tom Wilson (refund-picnic)	136	2		364			-						-
22	31-May	Sale of Gold Pin (See 5-25 entry)	137	150		514	150		150						-
23	1-Jun	Non-Bahá'í Contrib-for charity	138	25		539			-					25	25
24	3-Jun	Western University-Room Rent	1006		80	459			-						-
25	3-Jun	Community Chest-Disb Non-Bahá'í	1007		25	434			-					(25)	(25)
26	4-Jun	National Bahá'í Fund	1008		140	294			-						-
27		Total 'Azamat		577	317		350	-	350	20	80	100	-	-	200
28		Total Year-to-Date		1,027	783		515	-	515	20	80	100	-	-	200
29															
30	8-Jun	Contributions	139-142	300		594	250		250	10	10	20	10		50
31	9-Jun	Income - LSA Dev. Material	143-145	100		694		100	100						-
32	8-Jun	Bahá'í National Fund	1009		250	444			-	(30)	(90)	(120)	(10)		(250)
33	10-Jun	County Fair (Deposit on Booth)	1010		50	394			-						-
34	10-Jun	Contributions (Earmarked)	146-151	130		524			-	30	30	50	20		130
35	18-Jun	Income (County Fair)	152	120		644			-						-
36	18-Jun	County Fair (Deposit on Booth)	153	50		694			-						-
37	22-Jun	New City Bahá'í Library (County Fair)	1011		100	594			-						-
38	23-Jun	National Bahá'í Fund	1012		100	494		(100)	(100)						-
39	23-Jun	New City Bahá'í Library	1013		50	444			-						-
40	23-Jun	National Bahá'í Fund	1014		160	284			-						-
41		Total Núr		700	710		250	-	250	10	(50)	(50)	20	-	(70)
42		Total Year-to-Date		1,727	1,493		765	-	765	30	30	50	20	-	130

- Line 5** A contribution earmarked for the Bahá'í International Fund.
- Line 6** Record contributions to the local Fund and earmarked contributions to various Funds.
- Line 8** Contributing to the Funds every 19 days is a priority for every community. Funds need to be sent 5-10 days after the close of each month. Be consistent!
- Line 14** Monthly totals in each column are added to last month's year-to-date totals to get a new year-to-date figure.
- Line 19** This cash advance can replace the need for the Treasurer to maintain a petty cash account.
- Line 22** The gold pin, received on 5/25 (see line 20), is sold; a receipt goes to the *buyer* and the sale amount is recorded as a *Contribution*.
- Line 23** A non-Bahá'í gives \$25 in memory of a Bahá'í relative; the gift is accepted and in the thank-you note, the donor is advised the money will be used for charity.
- Line 25** Records the contribution to the charity of the non-Bahá'í's gift.
- Line 31** Records money from individuals to cover cost of LSA development materials from the National Assembly.

	A	B	D	T	U	V	W	X	Y	Z	AA	AB	AC	AD	
1			Receipt/							EXPENSES					
2	DATE	DESCRIPTION	Check #		NBF	BIF	ARC	CBF	ADMINISTRATION	EDUCATION	TEACHING	PROCLAMATION	OTHER	Total	
3	1-May	BEGINNING BALANCE													
4															
5	10-May	Contributions (Earmarked BIF)	101											-	
6	14-May	Contributions	101-110											-	
7	14-May	Contributions (Earmarked ARC)	111-114											-	
8	14-May	Bahá'í National Fund- LSA Goal	1001		90	20	20	10						140	
9	14-May	Bahá'í National Fund	1002											-	
10	15-May	Lynne Duffy (postage)	1003						10					10	
11	16-May	Office Supply Co.(Stationery)	1004						16					16	
12	16-May	Contributed Expense	115								15			15	
13		Total Jamáí			90	20	20	10	26	-	15	-	-	181	
14		Total Year-to-Date			90	20	20	10	26	-	15	-	-	181	
15															
16	18-May	Contributions	119-134											-	
17	24-May	Contributions (Earmarked)	135											-	
18	24-May	National Bahá'í Fund- LSA Goal	ACS		50									50	
19	25-May	Tom Wilson (cash advance-picnic)	1005							22				22	
20	25-May	Received Gold Pin	135											-	
21	30-May	Tom Wilson (refund-picnic)	136							(2)				(2)	
22	31-May	Sale of Gold Pin (See 5-25 entry)	137											-	
23	1-Jun	Non-Bahá'í Contrib-for charity	138											-	
24	3-Jun	Western University-Room Rent	1006									80		80	
25	3-Jun	Community Chest-Disb Non-Bahá'í	1007											-	
26	4-Jun	National Bahá'í Fund	1008		90	20	20	10						140	
27		Total 'Azamat			140	20	20	10	-	20	-	80	-	290	
28		Total Year-to-Date			230	40	40	20	26	20	15	80	-	471	
29															
30	8-Jun	Contributions	139-142											-	
31	9-Jun	Income - LSA Dev. Material	143-145											-	
32	8-Jun	Bahá'í National Fund	1009										County Fair	-	
33	10-Jun	County Fair (Deposit on Booth)	1010										50	50	
34	10-Jun	Contributions (Earmarked)	146-151											-	
35	18-Jun	Income (County Fair)	152										(120)	(120)	
36	18-Jun	County Fair (Deposit on Booth)	153										(50)	(50)	
37	22-Jun	New City Bahá'í Library (County Fair)	1011										100	100	
38	23-Jun	National Bahá'í Fund	1012											-	
39	23-Jun	New City Bahá'í Library	1013						50					50	
40	23-Jun	National Bahá'í Fund	1014		90	20	20	10					20	160	
41		Total Núr			90	20	20	10	-	50	-	-	-	190	
42		Total Year-to-Date			320	60	60	30	26	70	15	80	-	661	

- Line 33** The Spiritual Assembly of New City, as the sponsor of an inter-community activity, has made a down-payment on a booth for the County Fair. Note that the Treasurer establishes a separate account for this event labeled *County Fair*.
- Line 35** The amount recorded under the EXPENSE area *County Fair* is placed in brackets to show that money is coming into this column as *income* instead of going out.
- Line 36** Records a contribution to the New City Assembly for the Fair booth. The contribution is recorded both as a deposit and in brackets under *County Fair*, so the “Income” columns don’t change.
- Line 37** Records the amount paid to the Bahá’í librarian for literature used in the booth.
- Line 38** The money received on line 31 is sent to the National Assembly by a check made payable to the National Bahá’í Fund. Since this money is a payment for materials, it’s not recorded as a contribution to the National Fund.
- Line 39** Records the amount paid by the Assembly when buying materials from the local Bahá’í librarian. The local library should monitor its own bank account and records. This allows the librarian to be fully responsible both for sale items and the money used to pay for them. The librarian sells materials to the Local Assembly the same way that materials are sold to individuals.
- Line 40** Records New City’s regular contribution to the National Fund plus the money remaining for the Fair Project after expenses. It was agreed in advance by each community supporting the project that money left should be sent to the National Fund.

VI. MAKING REPORTS

As the Local Spiritual Assembly's "financial manager," some important aspects of your job are to carry out the details of handling and reporting the Assembly's finances, to help the friends understand the spiritual nature of giving and to inspire them to show their love for the Cause by supporting its activities. With your records up to date, the next task is to let the friends know what has happened in the Fund. The first several chapters of this manual look at some of these issues; here we are going to see how current records can make communications with the Assembly and the community more effective.

- A. Make regular reports to the Local Spiritual Assembly on total income and expenses, community participation, money in the bank and bills to be paid.

The Assembly should always be aware of the condition of the Local Fund. To ensure that the Assembly is well-informed the Treasurer has been given the added responsibility of making regular reports. The Assembly needs to know, among other things:

- The amount of money that was received in contributions and whether or not the community has reached the monthly contributions goal
- Any additional revenues received
- The amount of money that was spent during the month and how it was spent
- The amount of money currently in the bank
- The percentage of the friends who contributed to the Local Fund during the month
- The bills that need to be paid
- Whether the community is ahead or behind in reaching its annual contributions goals

In order to assist the Secretary and reduce errors, it is a good idea to give a copy of the Treasurer's report to the Secretary for the Assembly's minutes.

- B. Make regular reports to the community at Feast including:
- Education on the spiritual nature of giving and sacrifice
 - The status of the community's Fund contribution goal each Bahá'í month

-
- The percentage of the community giving to the Fund each Bahá'í month (strive always for universal participation)

This is one place where the Treasurer's role as an educator and inspirer comes into play. When the Treasurer reports to the friends, at Feast and at other times, she should not only be concerned with bringing the friends up to date on the status of the Funds, but she will also want to discuss the spiritual nature of giving and the importance of sacrifice. Other information for the friends might be the participation level in giving; the Assembly and the Treasurer will want to decide how to make these reports based on the community's needs and objectives.

C. Special Materials Will Help You

Reporting to the community can be one of your most rewarding duties as Treasurer. Many of the materials needed to prepare an interesting report are already at your fingertips. They include the following:

- Articles from *The American Bahá'í*, including “The Treasurer's Corner”
- Periodic reports and letters from the Treasurer of the National Spiritual Assembly
- Deepening programs on the Fund available from the Office of the Treasurer
- The Bahá'í Treasurers Bulletin (BTB) is an electronic newsletter for Treasurers sent in time for each Feast. It is emailed to the dedicated email address for each Treasurer provided by the LSAi email system.
- The BTB is designed to assist and strengthen Treasurers in their role as stewards of the Fund, and contains the latest news updates, helpful tips, frequently asked questions and community stories and activities related to the Fund.
- Current and back issues of the BTB may also be accessed from the Bahá'í Administrative Website. Log in at www.usbnc.org and select NSA Departments / R-Z / Treasurer / Communications, and click on Bahá'í Treasurers Bulletin Archives.

D. Preparing the Monthly Report of Income and Expense

For Assembly meetings and Feasts, it is a good idea to prepare a *Monthly Report of Income and Expense* Form similar to the one in Figure 2.

This report should include the *Balance* in the bank at both the beginning and the end of the month, totals for the month's *Income* and *Expenses*, and bills to be paid. The Treasurer should also report what percentage of the community participated in giving to the Fund and whether or not the monthly contributions goals were met. Most of this information can be taken from the monthly totals in the cash journal. Preparing this report each month will help present reports for Assembly meetings and Feasts in a clear and organized way.

SPIRITUAL ASSEMBLY OF THE BAHÁ'IS OF NEW CITY			
Report of Income and Expenses			
Beginning Cash Balance,	May 18, 1997	<u>\$</u>	34.00
INCOME			
	Contributions	<u>\$</u>	350.00
	Other	<u> -</u>	
	Total Income	<u>\$</u>	350.00
TOTAL INCOME & BEGINNING CASH BALANCE		<u>\$</u>	384.00
EXPENSES			
	National Bahá'í Fund	<u>\$</u>	140.00
	Bahá'í International Fund	<u>\$</u>	20.00
	Arc Projects Fund	<u>\$</u>	20.00
	Continental Bahá'í Fund	<u>\$</u>	10.00
	Administration	<u>\$</u>	-
	Education	<u>\$</u>	20.00
	Teaching	<u>\$</u>	-
	Proclamation	<u>\$</u>	80.00
	Other	<u> -</u>	
TOTAL EXPENSES		<u>\$</u>	290.00
EARMARKED CONTRIBUTION PAYABLE:			
	National Bahá'í Fund	<u>\$</u>	20.00
	Bahá'í International Fund	<u>\$</u>	80.00
	Arc Projects Fund	<u>\$</u>	100.00
	Continental Bahá'í Fund	<u>\$</u>	-
	Total	<u>\$</u>	200.00
Ending Cash Balance @	June 4, 1997	<u>\$</u>	294.00
--Additional Information --			
	Total Outstanding Bills		<u>\$7.35</u>
	Participation		<u>92%</u>
	Monthly Goal Won	Yes (<input checked="" type="checkbox"/>)	No (<input type="checkbox"/>)

Figure 2: Monthly Report of Income and Expense

E. Preparing the Year-to-Date Report of Income and Expense

Once or twice during the year, the Assembly should ask its Treasurer to prepare a Year-to-Date *Report of Income and Expenses*, similar to the one in Figure 3, so that the current state of the Local Fund can be compared to the budget.

As in the monthly report, most of the figures can be taken from the year-to-date totals in the cash journal. The remaining information will come from the Assembly's budget. When completed, this report enables the Assembly to see if it is keeping within its budget.

SPIRITUAL ASSEMBLY OF THE BAHÁ'IS OF NEW CITY				
Report of Income and Expenses				
As of June 23, 1997				
	Annual Budget	Year-to-date Budget	Year-to-date Actual	Year-to-date Variance
Beginning Cash Balance May 1, 1997	\$ 50.00	\$ 50.00	\$ 50.00	\$ -
INCOME				
Contributions	4,800.00	757.89	765.00	(7.11)
Other	200.00	31.58	-	31.58
Total Income	\$ 5,000.00	\$ 789.47	\$ 765.00	\$ 24.47
TOTAL INCOME & BEGINNING CASH BALANCE	\$ 5,050.00	\$ 839.47	\$ 815.00	\$ 24.47
EXPENSES				
National Bahá'í Fund	2,310.00	364.74	320.00	44.74
Bahá'í International Fund	380.00	60.00	60.00	-
Arc Projects Fund	380.00	60.00	60.00	-
Continental Bahá'í Fund	190.00	30.00	30.00	-
Administration	400.00	63.16	26.00	37.16
Education	400.00	63.16	70.00	(6.84)
Teaching	400.00	63.16	15.00	48.16
Proclamation	400.00	63.16	80.00	(16.84)
Other	100.00	15.79	-	15.79
TOTAL EXPENSES	\$ 4,960.00	\$ 783.16	\$ 661.00	\$ 122.16
EARMARKED CONTRIBUTION PAYABLE:				
National Bahá'í Fund			\$ 30.00	
Bahá'í International Fund			\$ 30.00	
Arc Projects Fund			\$ 50.00	
Continental Bahá'í Fund			\$ 20.00	
Total			<u>\$ 130.00</u>	
Ending Cash Balance	<u>\$ 90.00</u>		<u>\$ 284.00</u>	
--Additional Information --				
Total Outstanding Bills			\$12.05	
Participation			87%	
Number of Monthly Goals Won		Yes (3)	No ()	

Figure 3: Year-to-Date Report of Income and Expenses

The only difficult part of preparing the year-to-date Report of Income and Expenses is to figure out where the Assembly is at a certain point in time in relation to the annual budget. For example, assume that ten Bahá'í months have passed and we are preparing the half-year report. First, take the figures from the annual budget, divide each figure by 19 (the number of months in the Bahá'í year) and then multiply each by 10 (the number of months since the beginning of the fiscal year). We can now compare actual year-to-date results to the Assembly's year-to-date budget.

This report can be prepared any time during the year. For example, if the Assembly wants a quarterly report at the end of the first five months, just divide each budget amount by 19 and then multiply by five. A year-to-date Report of Income and Expenses can also be used in reporting of the annual meeting on April 20th and again with the actual figures at the end of the Bahá'í fiscal year.

VII. KEEPING RECORDS

We have already discussed the importance of a good filing system. Just imagine what the Treasury will be like when there is entry into the Faith by troops! It is easy to see that establishing a complete and efficient record keeping system *now* is essential.

A. Preparing for the Annual Audit

- Arrange in order by month all bank statements, canceled checks, deposit tickets and paid bills
- Have the Assembly appoint two individuals, other than the Treasurer, to audit the Assembly's financial records. You will want to show them the steps outlined in Chapter 5

B. Materials for Efficient Record Keeping

Setting up a good system for organizing the information related to the Fund is really quite easy. It helps to have a number of *pocket file folders* for such things as bank records, paid and unpaid bills and the like. The Treasurer might also want to use a *three-ring binder* for storing reports. In addition, the Treasurer needs to devise a method for keeping copies of receipts in order. The biggest challenge, however, is to keep the filing up to date.

C. Useful Tips for Record Keeping

- Even if you use a computer, you should keep hard paper copies on file as backups.

- After checking the bank statement each month, bundle the canceled checks and deposit slips with the statement and file by date.
- Give receipts for *all* income, whether in the form of contributions (including anonymous contributions and contributed expenses or other income) and file them in an orderly manner.
- Write the check number and the date paid on each bill before filing. If your checks automatically make duplicates, the duplicates can be attached to the bills before filing.
- Keep a copy of all reports, budgets, policies and other information pertaining to the Fund.

D. Suggested Time-Frames for Storing Records

After setting up the files, use the following guidelines for how long to retain the Assembly's documents:

	<i>Retention Period</i>
Receipt stubs	7 Years
Paid bills	5 Years
Cash Journal	Indefinitely
Canceled checks, deposits, bank statements ..	7 Years
Reports to Assemblies or Feasts	5 Years
The Community's Annual Report	Indefinitely
Budget—working papers	2 Years
Savings passbook.....	7 Years After Closing Account
Insurance policies.....	2 Years After Expiration
Equipment guarantees, service agreements	2 Years After Expiration
Notes and contracts	7 Years After Expiration

Stocks, bonds, property deeds and titles should be stored in a safety deposit box at a local bank. The box should be rented in the Assembly's name and several members of the Assembly should have authorized access to it.

NATIONAL BAHÁ'Í FUND CONTRIBUTION FORMS

You may copy and cut these original contribution forms for use with National Bahá'í Fund contributions.

Please make all checks payable to the **National Bahá'í Fund** and mail to: **National Bahá'í Fund**, Office of the Treasurer,
112 Linden Avenue, Wilmette, IL 60091.

	BID #1 _____	BID #2 _____
*My unrestricted contribution to the National Bahá'í Fund is	\$ _____	\$ _____
*Additional Contributions (Discretionary): _____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

* Yes No. If my answer is "Yes" or if neither is checked, all "Additional Contributions" listed above will be used at the discretion of the National Spiritual Assembly. If my answer is "No," I realize that contributions to a fund or agency outside the United States will not be tax-deductible.

Total Enclosed \$ _____ Check # _____

BID #1 _____ Print Name _____

BID #2 _____ Print Name _____

Please make all checks payable to the **National Bahá'í Fund** and mail to: **National Bahá'í Fund**, Office of the Treasurer,
112 Linden Avenue, Wilmette, IL 60091.

	BID #1 _____	BID #2 _____
*My unrestricted contribution to the National Bahá'í Fund is	\$ _____	\$ _____
*Additional Contributions (Discretionary): _____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

* Yes No. If my answer is "Yes" or if neither is checked, all "Additional Contributions" listed above will be used at the discretion of the National Spiritual Assembly. If my answer is "No," I realize that contributions to a fund or agency outside the United States will not be tax-deductible.

Total Enclosed \$ _____ Check # _____

BID #1 _____ Print Name _____

BID #2 _____ Print Name _____

Please make all checks payable to the **National Bahá'í Fund** and mail to: **National Bahá'í Fund**, Office of the Treasurer,
112 Linden Avenue, Wilmette, IL 60091.

	BID #1 _____	BID #2 _____
*My unrestricted contribution to the National Bahá'í Fund is	\$ _____	\$ _____
*Additional Contributions (Discretionary): _____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

* Yes No. If my answer is "Yes" or if neither is checked, all "Additional Contributions" listed above will be used at the discretion of the National Spiritual Assembly. If my answer is "No," I realize that contributions to a fund or agency outside the United States will not be tax-deductible.

Total Enclosed \$ _____ Check # _____

BID #1 _____ Print Name _____

BID #2 _____ Print Name _____

He who is the Eternal Truth—
exalted be His glory—
hath made the fulfillment
of every undertaking on earth
dependent on material means.
—*Bahá'u'lláh*

7. Local Bahá'í Centers

If yours is like many communities in the late 90s, you are thinking about a local Ḥazíratu'l-Quds, or a local Bahá'í center. Communities are considering significant investments in bricks and mortar for a variety of reasons: they are tired of cramped living rooms or of borrowing space for their meetings; they want a physical place to reflect the stature of the Faith; they need space for children's classes; or someone is offering to give them some or all of the money they think they will need.

But are these adequate, or even the right reasons for getting a center? Does “National” want us to get a center, or will they say “no.” Will a center help us or bring us more tests? How can we make sure we are asking ourselves the right questions and getting the right answers?

The answers to these and other questions rest with your Assembly and your community. Each community is free, within the boundaries of Bahá'í principle and common sense, to determine its own course of action with regard to a local center. This was not always the case, but it is today. In earlier Plans, the beloved Guardian and the Universal House of Justice have instructed the friends not to acquire local centers so that the believers' attention and resources can be channeled toward the accomplishment of larger strategic goals. Here is an extract from one such letter:

“The Guardian requests that you inform all the friends that their most important duty at the present time is the fulfillment of the tasks of the Ten-Year Crusade. This calls for the sacrifice of local activities in order that the national and international development of the Faith may go forward uninterrupted. No local institutions should be started. The National Assembly should see that money is not spent on local centers at this time, and the friends should be encouraged to concentrate on the national and international activities of the Faith.”

ON BEHALF OF SHOGHI EFFENDI, *LIGHTS OF GUIDANCE*, VOL. 1, PP. 213–214

A National Spiritual Assembly could issue a similar injunction, if it saw the need to do so. At the present time, however, the National Assembly might be said to have three interests in what you are doing, or thinking of doing. First, will your community's well-being be enhanced by getting a center? Second, will your efforts to obtain a center enable you to discharge your responsibilities with regard to the national and international plans for the Faith's growth, or distract you from those

Principle

responsibilities? And third, to what extent does your center add to the collective wealth of the American community? Working through the following section will help address these concerns, which are really concerns about the protection and happiness of every local community.

A Complex Issue

Acquiring a local Bahá'í center is a process full of complex issues. These issues need to be identified and addressed, or the local Spiritual Assembly runs the very real risk that a center will damage the unity of the community and waste its hard-won resources.

You have numerous resources to call on to help guide your Assembly and community through the pitfalls and make your center a true Ḥazíratu'l-Quds, a “sacred fold” where all will find joy and spiritual enrichment. Some of these resources are:

- The process of consultation
- Local professionals, both community members and those in the general population
- Bahá'í volunteers who serve the Bahá'í National Center
- Published materials, including *Developing Distinctive Bahá'í Communities*
- The Office of the Treasurer and Community Administration

Building Flourishing Communities

New Undertaking Not to Prevent Assisting National Interests

“He has no objection to the Stuttgart Bahá'ís arranging to have a center of their own on Mrs. Schwarz' land. As this was a spot visited by the beloved Master, it is all the more appropriate as a center for the Cause there.

“He hopes that the Stuttgart friends will so arrange their affairs that this new undertaking will not prevent them from assisting the national interests of the Cause and lending them their full support.”

SHOGHI EFFENDI, *LIGHT OF DIVINE GUIDANCE*, VOL. 2, P. 69

Institutes May Not Require Facilities

“There should be no delay in establishing permanent institutes....Access of

the institute to physical facilities will of course be necessary, but it may not require a building of its own.”

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN 153 MESSAGE TO THE BAHÁ'ÍS OF THE WORLD

Importance of Training Institutes

“The next four years will represent an extraordinary period in the history of our Faith, a turning point of epochal magnitude. What the friends throughout the world are now being asked to do is to commit themselves, their material resources, their abilities and their time to the development of a network of training institutes on a scale never before attempted....

“ ‘Center your energies in the propagation of the Faith of God,’ Bahá'u'lláh thus instructs His servants, adding, ‘Whoso is worthy of so high a calling, let him arise and promote it. Whoso is unable, it is his duty to appoint him who will, in his stead, proclaim this Revelation. . .’ Just as one deputizes another to teach in one’s stead by covering the expenses of a pioneer or traveling teacher, one can deputize a teacher serving an institute, who is, of course, a teacher of teachers. To do so, one may make contributions to the Continental Bahá'í Fund, as well as to the Local, National and International Funds, earmarked for this purpose.”

IBID

Local Centers Begin on Modest Level

“It is important that our undertakings be modest in their scope at the present time. Then, as we gain confidence and experience and as our resources increase, our work will encompass expanded objectives, and the friends will explore new areas of social and economic activity.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, DECEMBER 22, 1983

Below is a detailed “checklist” of issues related to local centers and some of the guidance available on key points; it can be copied and used as a reference for community deepening.

Bahá'í Center Checklist

I. Unity Issues

- A. Is there unity of thought on the need to acquire a center?

The pivotal principle of the Faith is unity. In like fashion, the most critical brick in a strong foundation for a local Bahá'í center, even before there is a physical building, is the unity of the community around its desire to have a center. Without unity of thought, every decision, before

and after the acquisition, will become much more difficult; without unity the center itself may prove impossible to maintain.

Consultation can highlight the goals and expectations of the community and resolve them in unity. Every “stakeholder” in a new facility, including the Assembly, individuals, families and neighboring communities, if they are to be involved, should participate fully. Any shortcut may lead to unfortunate surprises.

One of the most frequent ways people try to shortcut the quest for unity is by giving the money or even the building, because they see the need and have the means to address the need. The donor can find it hard to understand why their community is reluctant to accept the gift; the community may have a hard time saying no when, sometimes, they really should.

In every case, the will of the local Spiritual Assembly is the common denominator that will make or break a unified approach. Occasionally, individuals or groups of friends feel so strongly about acquiring a center that they become frustrated at what they perceive to be a lack of interest or perhaps audacity on an Assembly’s part. They then either try to push the Assembly into accepting their view, or to find a shortcut around the institution. Such efforts cannot succeed, because they depart from basic Bahá’í principles concerning the station and prerogatives of Spiritual Assemblies. The willingness of a local Assembly to sponsor the drive for a center cannot be achieved except through consultation, and the Assembly always reserves the right to choose not to proceed, even if its reasons are not fully understood by the friends.

- B. Might a rental facility be more advisable than buying or building, until the community grows a bit larger?

We have every reason to expect that our local communities will undergo major changes soon. Can we really know for certain what kind of center we will need? Or is there value in renting, which has a much lower initial cost? Many communities have found they are able to get their own space sooner by renting than if they focused only on buying, and have used this time to learn, with less risk, what level of community support is needed to make a center a success.

- C. Who are the “stakeholders” in having a center? That is, who are the people whose support is needed, and who will benefit from the center?
- Adults
 - Youth

-
- Neighboring communities

Each of these stakeholders needs to be engaged in the process from the earliest stage; it is surprising how often center planning neglects this most basic first step of identifying and enlisting all the parties who need to be involved.

- D. What is the main purpose the community envisions for its first local center?

The majority of communities may think of a center simply as a larger space for their meetings, children's classes and devotional meetings. If that is the extent of the vision, then renting a space is probably adequate to address the perceived need.

If, on the other hand, the community is reaching for a higher purpose, a new level of service to the Bahá'ís and to the community at large, then it may be time to entertain a broader discussion, in which the issue of a center will probably be the *last* item on the list; needs, programs and activities will come first. As agreement emerges on these subjects, many of the basic questions about the center, its size, location and cost will already be answered. As the House of Justice wrote:

“ . . . For even the first local center that a Bahá'í community erects can begin to serve not only as the spiritual and administrative center and gathering place of the community, but also as . . . the heart of other aspects of community life.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, MAY 8, 1984,
IN *EXTRACTS CONCERNING BAHÁ'Í SOCIAL AND ECONOMIC DEVELOPMENT*

- E. Is there universal agreement on this vision?

If there is agreement among all the stakeholders, including the Assembly, then you are ready to move on. If not, the Assembly may want to find ways to build consensus; on the other hand, the lack of agreement on a vision for the center may itself be an indication that it is too soon to have one.

In cases where other communities are involved, are the implications and limitations associated with a “regional center” fully understood? The most common misconception concerns holding Feast. Each local Spiritual Assembly must have its own separate Feast, within the area of its jurisdiction and with only the members of its community. Some communities band together for devotions and refreshments, but break up into their respective groups, where the facility permits, to have their consultation. This is incorrect: the Feasts are not separate as they must be. The best uses for a regional center include such things as common proclamation events, devotional meetings, classes, deepenings and so-

cial events, if they are appropriate to the atmosphere that is to be maintained in a local Ḥazíratu'l-Quds.

II. Planning for Growth and Development

A. Is there a community expansion and consolidation plan?

The plan for the community's growth and development comes *before* plans are made for a physical facility. Otherwise, how can we know what kind of building we need and where it should be located? Often times local Assemblies are approached with a proposal for a particular site because acquiring it "makes good business sense," at least in the view of those making the proposal. Market value is one factor to be considered, but it is not really the most important one.

The center that stands the most chance of carrying the community to a "new stage in the exercise of their responsibilities" is the one that plays a direct role in the community's plans for its own development. The Universal House of Justice instructs us that:

"A community is of course more than the sum of its membership; it is a comprehensive unit of civilization composed of individuals, families and institutions that are originators and encouragers of systems, agencies and organizations working together with a common purpose for the welfare of people both within and beyond its own borders; it is a composition of diverse, interacting participants that are achieving unity in an unremitting quest for spiritual and social progress."

THE UNIVERSAL HOUSE OF JUSTICE, RIDVÁN 153/1996 PAR. 3.25

Each local Spiritual Assembly would do well to shape its thinking about the kind of center it will have by referring to this passage from the same Ridván Message (par. 3.24):

". . . Spiritual Assemblies must rise to a new stage in the exercise of their responsibilities as channels of divine guidance, planners of the teaching work, developers of human resources, builders of communities, and loving shepherds of the multitudes."

1. Is your teaching plan based on the research findings and instructions from the National Teaching Committee and its published plans?

The National Teaching Committee is increasingly fulfilling the functions predicted for it by the Guardian, when he called the Committee the "chief auxiliary institution" of the National Assembly, a body that is to "make thorough and expert study of the issue entrusted to their charge, advise by their reports, and assist in the execution of the decisions" of the National Assembly.

The research done in the first half of the Four Year Plan by the National Teaching Committee can serve to direct our teaching and consolidation efforts in many ways: Whom are we trying to reach with the Message? Where do they live? What is their economic condition? What needs do they have?

In the broadest terms, the Teaching Committee has documented that the most receptive populations in the country in the late 90's are middle class or higher, with a somewhat higher education level than the national norm. They range in age from 30–50, with significant percentages of females and single parents. Immigrants and minorities also describe themselves frequently as seekers of a new spiritual home. These variables can give us a starting point for our own local plans.

2. What role does a local center play in the expansion plan? Do you see your center as a place for welcoming new believers?
3. Are the size and layout of the building consistent with the plan? What kinds of proclamation activities will you carry out in your center?
4. How does the proposed building's location fit with the expansion and proclamation elements of your plan?

The National Teaching Committee's research makes it possible to “focus our search” for new believers. Where should a center be situated in relation to such population centers? What is the balance between the “center of gravity” of the existing community and the likely concentration of new believers?

- B. Has the guidance on Bahá'í social and economic development been consulted? Is Bahá'í development part of the consolidation plan for your community?

A growing number of Assemblies are integrating their center planning with the body of guidance that the Universal House of Justice has provided over the years about Bahá'í development.¹ The definition of Bahá'í development, which a letter written on behalf of the House of Justice called “. . . the art of applying spiritual concepts to the practical challenges of daily life”, is much more inclusive than we may tend to think. The move toward development is really a natural phase in our growth:

“First comes the illumination of hearts and minds by the Revelation of Bahá'u'lláh, and then the grassroots stirring of the believers wishing to apply these teachings to the daily life of their community.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, 8 MAY 1984,
TO A NATIONAL SPIRITUAL ASSEMBLY

Moving from believers' homes into a physical facility owned by the Assembly is one of the most crucial development decisions a community

can make. Each community need to assess the current stage of its own development and identify any community needs that are being unmet. These do not have to be material or financial needs; they might relate to interpersonal issues or family life. No matter how affluent the community, no matter how agreeable the quality of life it presently enjoys, there are needs and hopes that are unattended. The Assembly's role is to articulate them, find ways to apply the Teachings to them, and then to see how a local Bahá'í center can facilitate the consolidation process.

1. What kinds of development programs will be headquartered in a local center?

A community development plan will identify community needs and the programs required to meet them. One of the most receptive populations is single parents, and single mothers especially. New recruits like these, when they come in, will have specific needs, and child care and education will probably top the list. Will your proposed center accommodate 30 eleven-year-olds and 50 teens at a time? Will there be space for recreation, in addition to deepening classes?

Will people eat at your events? Then you might want a kitchen, and one large enough to be able to prepare a meal for all the participants. Will everyone sit in lecture-style meetings, or do you need breakout rooms? How about space around the building: will some woods or a garden lend distinction to a building that represents a unique Cause?

Knowing the community's plans in this regard will help fit the need and the program to the physical facility, thus shaping the eventual purchase decision.

- C. Have Bahá'í and other experts been consulted on the proposed building to be bought?

The National Spiritual Assembly is working to identify local or regional networks of Bahá'ís with particular expertise that local communities can call upon for assistance in their consultation. Each community, however, can also take the initiative in finding its own helpers and advisors, and these need not be Bahá'ís. Expertise in some of these areas should prove especially helpful:

- Real estate
- Organizational development

¹ Important extracts from the Universal House of Justice messages on Bahá'í development are extracted in Badi'í, "The True Foundation of All Economics." See Bibliography for details.

-
- Planned giving
 - Training/Facilitation
 - Environmental science
 - Legal
 - Architecture
 - Banking/Finance

III. Financial Considerations

A. What is the financial basis for support?

A 1994 survey, done for the Office of the Treasurer, indicated that at that time the average purchase cost of a local center, among the 33 communities that had them, was \$117,000, with an average size of 4,000 square feet.

To meet these costs, during the last several years there have been a number of fund appeals from local Spiritual Assemblies trying to build centers. Some communities have sent these appeals nationally and they have caused a good deal of confusion among the friends.

Except in very special circumstances, which would require consultation with, and approval from the National Spiritual Assembly, the effort to build a local Ḥazíratu'l-Quds must remain within a local community or cluster and aim for self-sufficiency. The development literature helps us here, too:

“There are two principles which the House of Justice feels are fundamental to the generality of such projects of social and economic development, although, of course, there will be exceptions. The first is that they must be built on a substructure of existing, sufficiently strong local Bahá’í communities. The second is that the long-term conduct of the project should aim at self-sufficiency and not be dependent upon continuing financial support from outside . . .

“The second principle must take into account that any project started by the Cause should be designed to grow soundly and steadily, and not to collapse from attrition. . . . (T)he aim should be for each project to continue and develop on the strength of local Bahá’í labor, funds and enthusiasm even if all external aid should be cut off.”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, 8 MAY 1984, TO A NATIONAL SPIRITUAL ASSEMBLY

“Many communities, especially those with permanent programs, began taking steps to ensure that effective development activities would continue even if external sources of support were to be withdrawn.”

THE UNIVERSAL HOUSE OF JUSTICE, *THE SIX YEAR PLAN: SUMMARY OF ACHIEVEMENTS*;
QUOTED IN *BADI'í, THE TRUE FOUNDATION OF ALL ECONOMICS*, p. 85.

The friends should be aware that the fund raising policy of the National Spiritual Assembly, which had previously allowed many Local Assemblies to solicit contributions from surrounding communities for major capital development campaigns, was amended in 2002. The amended policy mandates that local communities may only solicit funds from other Bahá'í communities, groups, or individuals within their own cluster. Regardless of how close a community may be in distance to the soliciting Assembly, fund raising appeals should not be aimed at these communities, whether by phone, email, or email list serves.

Communities seeking to acquire a center may contact the Bahá'í Center Assistance Corporation, an organization established under the auspices of the National Spiritual Assembly to provide technical advice and financial support to local Spiritual Assemblies in the acquisition of a center. The Bahá'í Center Assistance Corporation may be contacted through the Office of the Treasurer at the Bahá'í National Center.

1. How close to universal participation is the community in its giving to the Local Fund?
2. Are contributions regular and stable, or does a small number of large contributions account for most of the total?
3. What happens if one or more of the largest donors moves away from the community?
4. Can the Assembly afford to obtain the proposed site without reducing its financial support for the national, international, continental and regional funds?

The general assumption of those communities that have called the Office of the Treasurer regarding their center plans is that getting a center will require them to cut their financial support to other institutions.

This is a myth. The capacity of nearly every community is untapped, so there is no reason simply to assume it will be limited to its current level. On the contrary, the 1994 survey found that contributions increased with a center in the community, as much as 30% within two years.

As participants in the erection of Bahá'u'lláh's Administrative Order,

local Spiritual Assemblies and individuals both have important responsibilities to every one of His institutions. Just as we do not neglect any of our children, so must we find ways befittingly to discharge the complete range of our duties. Here are two passages of guidance on this issue:

“He hopes that the Stuttgart friends will so arrange their affairs that this new undertaking will not prevent them from assisting the national interests of the Cause and lending them their full support.”

ON BEHALF OF SHOGHI EFFENDI, *LIGHTS OF GUIDANCE*. VOL. 2, P. 49.

“The Universal House of Justice feels that the United States must not jeopardize its spiritual primacy, and that it must gird itself to raise the major share of the financial reserves which will be necessary to prosecute the Nine-Year Teaching Plan . . .

“In line with the principles recited above, we feel that Local Spiritual Assemblies which already have funds available for the acquisition of a local *Hazíratu'l-Quds* should be permitted to proceed with plans for purchase or construction within the limitation of funds already earmarked for this purpose. However, new funds should not be started nor should plans be made to acquire *Hazíratu'l-Quds* in those communities where funds are not presently available except under the most urgent circumstances. If any individual cases arise in which it appears that an exception should be made, you are free to present the facts and your recommendations to the Universal House of Justice for consideration.”

THE UNIVERSAL HOUSE OF JUSTICE, OCTOBER 23, 1964 TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES

We in the U. S. are not presently under a restriction of the kind mentioned above, but the principles in these passages are still timely. Indeed, we dare not neglect our responsibility at any level because, the House of Justice reminds us, our spiritual primacy as a community is at stake if we do.

As to whether our financial resources are adequate to cover each of these needs, the House of Justice wrote:

“Now is the time for the dearly-loved members of this community, renowned as the champion builders of Bahá'u'lláh's rising World Order, to consecrate an increasing measure of the material resources with which they have been so richly blessed to the pressing needs of the Cause of God. In doing so, their sacrifices will attract an even greater measure of divine blessings, and will bring them abiding satisfaction.”

THE UNIVERSAL HOUSE OF JUSTICE, JULY 14, 1989

-
5. How much will the new facility require in remodeling costs?
 6. What will the monthly and yearly maintenance costs be? Utilities?

The 1994 survey indicated that upkeep and maintenance ran between \$8,000 and \$13,700 annually. Meeting this expense is a matter of both finance and principle:

“We have been asked to say that there is no objection to the Local Assembly looking for a property to purchase for their Ḥazíratu’l-Quds, but they should be reminded that in addition to the initial cost of acquisition they must be prepared to assume the continuing costs of upkeep, maintenance, and services. They should also decide whether they can manage the financial outlay required without interfering with the discharge of their other responsibilities toward the success of the Five Year Plan [1974–1979].”

ON BEHALF OF THE UNIVERSAL HOUSE OF JUSTICE, FEBRUARY 6, 1975
TO THE NATIONAL SPIRITUAL ASSEMBLY OF THE UNITED STATES

IV. Legal Matters and Insurance for Your Center

A. What are the legal issues surrounding the acquisition?

1. Title and ownership of the proposed building?

Are we really sure who owns the building we want to buy? Has the Assembly secured documentation to make sure it will have a clear title to the facility?

2. Is the local Spiritual Assembly incorporated? If not, it may not own property under the laws of most states.

3. Will you have title insurance? This protects the Assembly in the event it later turns out that there was not clear title to the property when the Assembly bought it.

4. Toxic waste liability?

In most states, the fact that the Bahá’í community did not bury radioactive or toxic materials on the land they just bought will not shield them from the costs of cleaning up the mess. There is no substitute for careful homework on this one! Asbestos disposal is often specifically excluded from insurance coverage.

5. Zoning and building code issues?

It is surprising how often zoning becomes an issue for a local community. There are a good number of cases in which a local community worked very hard to find and buy a residence, which they thought

would meet their space needs very well, only to discover that the neighbors did not like having all that new traffic on their street. When you find yourself facing the zoning board on a complaint brought by those neighbors, it is too late to learn about the town's zoning and use regulations!

Abiding by the local building code can be expensive, but again there are no shortcuts. Not only are we to set an example as Bahá'ís of obedience to law, but code violations can become safety disasters.

B. Insurance requirements

The general coverage provided by the National Spiritual Assembly does not include local centers. Once a community acquires a center, they are responsible to get their own insurance, and this cost must be included in the overall analysis of the purchase decision. Even if the facility is leased, there often needs to be insurance, at least for public events. There is often a special “church rate” you will want to research.

The following are some of the common kinds of insurance, for which full coverage should be obtained. It is a common mistake to buy lower coverage than is really necessary out of a desire to economize; in the 90's, however, there are so many lawsuits that Bahá'í communities should not take such risks. You will want to buy insurance for:

1. Property
2. Liability
3. Umbrella Coverage
4. For special events or activities

V. Technical Issues and Center Management

A. What are the technical or architectural factors to be addressed?

As mentioned in section 3, “Financial Considerations”, communities may contact the Bahá'í Center Assistance Corporation through the Office of the Treasurer for advice on technical issues related to acquisition of a center. In addition to such assistance, local Spiritual Assemblies (and especially the Treasurer) need to consult competent professionals about the issues listed below, particularly if they are buying an existing building; the local Spiritual Assembly does not want to discover serious problems nor to underestimate the costs and effort required to fit the building to the community's needs.

1. General condition

-
2. Building code violations
 3. OSHA code violations
 4. Handicapped access

B. How will the building be managed?

As you can imagine, center management arrangements require wise decisions and clear understandings among all concerned; a number of communities have experienced friction in relation to this issue, particularly in the case of regional, multi-community centers. This is such a crucial issue that it might well need to be addressed early in the planning stages; it is by no means an afterthought, even though it is toward the bottom of our checklist.

Will your community use:

1. A management committee
2. Volunteers
3. Paid staff
4. An intercommunity committee
5. A combination of the above
6. Has the local Spiritual Assembly written a mandate for these helpers?

Our survey found that 36% of local centers are managed by a volunteer manager, while 33% of them have management committees that report to the local Spiritual Assembly. Committees seem to be most prevalent in cases where the center serves several communities.

Your Assembly might consider documenting all your arrangements in writing: which communities are involved; how the burden of work will be divided; and how the center might eventually be transferred to the Assembly in whose jurisdiction it is located, especially whether compensation of any kind will be given to neighboring partners when the center becomes the sole responsibility of the “home” community.

Direct local Spiritual Assembly involvement in all aspects of the center’s management, including membership on a committee if there is one, would seem to be essential, since everything that occurs in the center is the Assembly’s responsibility. Issues of safety, dignity

and the good name of the Faith are always involved in everything having to do with, or that takes place within, your local center.

VII. Reporting to the National Spiritual Assembly

- A. Have you advised the National Spiritual Assembly that you are planning to get a center?

Because there are national implications in the community's efforts to find physical homes for its activities, the National Spiritual Assembly has a direct interest in knowing about your plans and your progress in executing them. By the same token, the Bahá'í National Center can put your community in touch with important resources that will make your task easier.

- B. If/When you complete your purchase you will also want to advise the National Assembly and include details about the building, its price, location and any other pertinent information.

From the perspective of courtesy, of course, you will want to inform your National Spiritual Assembly of your new center. Moreover, because the National Spiritual Assembly represents the Faith to outside audiences at the national level, audiences who are interested in assessing the real substance of our Faith, having this information can be extremely helpful; we have only to recall the pride with which the beloved Shoghi Effendi would publicize the dollar value of the Faith's growing international endowments (cf. *God Passes By* and *The Bahá'í World*). In the event of a crisis in a local community, God forbid, ownership of the local center may revert to the National Spiritual Assembly, another good reason the National Assembly's property inventory should be complete.

We know that great endeavors for the Faith are almost always accompanied by tests, frustrations, as well as moments of pure joy. Many communities will find this to be true during their first efforts to establish their own Ḥazíratu'l-Quds, but using the tools and concepts outlined in this chapter, they will be able to enjoy a straighter path toward a center that will make a significant contribution to their happiness, growth and development.

Appendices

Appendix A

Ḥuqúqu'lláh: The Right of God

“It seems fitting then, that the sacred law which enables each one to express his or her personal sense of devotion to God in a profoundly private act of conscience that promotes the common good, which directly connects the individual believer with the Central Institution of the Faith, and which, above all, ensures to the obedient and the sincere the ineffable grace and abundant blessings of Providence, should . . . be embraced by all who profess their belief in the Supreme Manifestation of God.”

THE UNIVERSAL HOUSE OF JUSTICE

Information regarding the details of the sacred law of Ḥuqúqu'lláh, the Right of God, can be obtained from one of the trustees or representatives of the Board of Trustees of the Office of the Secretariat of the Bahá'í Ḥuqúqu'lláh Trust. Addresses of representatives of the Board of Trustees in your area can be obtained from the Office of the Secretariat.

Payments to Ḥuqúqu'lláh should be made payable to “The Bahá'í Ḥuqúqu'lláh Trust” (please write your Bahá'í identification number on your check) and sent to the Office of the Secretariat or to one of the Trustees:

Amin Banani
2320 Alta Ave.
Santa Monica, CA 90402

Elizabeth Martin
P.O. Box 178
Winnsboro, SC 29180

Stephen Birkland
1192 Benton Way
Arden Hills, MN 55112

Dru Waren
PO Box 630
Poteau, OK 74953

Daryush Haghghi
24434 Lake Rd.
Bay Village, OH 44110

Office of the Secretariat
PO Box 630
Poteau, OK 74953
918-647-5012 phone
918-647-8990 fax
secretariat@huquq.us

Supplement to the Compilation on the Ḥuqúqu'lláh

The following, released in October, 1992 by the Universal House of Justice, is a supplement to the original compilation on the Ḥuqúqu'lláh.

Extracts from the Writings of Bahá'u'lláh

1. Glorified art Thou, O my compassionate Lord! I entreat Thee by the tumult of the ocean of Thy holy utterance, and by the manifold tokens of Thy supreme sovereignty, and the compelling evidences of Thy Divinity, and the hidden mysteries that lie concealed within Thy knowledge, to give me Thy grace to serve Thee and Thy chosen ones, and enable me to dutifully offer Thy Ḥuqúq which Thou hast ordained in Thy Book.

I am the one, O my Lord, who hath set his affections on Thy realm of glory, and hath clung tenaciously to the hem of Thy generosity. O Thou Who art the Lord of all being and the Ruler of the kingdom of names, I beseech Thee not to deny me the things Thou dost possess, nor to withhold from me that which Thou hast ordained for Thy chosen ones.

I implore Thee, O Lord of all names and Creator of the heavens, to assist me to be steadfast in Thy Cause, through Thy strengthening grace, in such wise that the vanities of the world may not suffer me to be shut out as by a veil, nor to be hindered by the violent commotions of the wicked-doers who have risen up to lead Thy people astray in Thy days. Destine for me then, O my heart's Desire, the good of this world and the world to come. Verily Thou art powerful to do as Thou wilt. No God is there but Thee, the Ever-Forgiving, the Most Generous.

FROM A TABLET RECENTLY TRANSLATED FROM ARABIC

2. Following the revelation of the Most Holy Book and the fixing of the divinely appointed Ḥuqúq, specific orders were given to the effect that no one should demand payment of the Ḥuqúq, since it hath been made conditional on the willingness of the individuals themselves, who are devoted, faithful and well-disposed to offer the payment of Ḥuqúq in a spirit of willing acquiescence and good pleasure. But nowadays conditions are such that explicit instructions have been issued so that those who have held back the Ḥuqúq may dutifully discharge their obligation.

FROM A TABLET RECENTLY TRANSLATED FROM ARABIC

3. O Amin! Upon thee be My glory. It behoveth thee to have the utmost regard for the dignity of the Cause of God in all circumstances. The Pen of the Most High hath attested and will continue to attest in thy favour. It hath commended the exertions thou hast made, and the services thou hast ren-

dered wholly for His sake . . . a commendation that shineth resplendent in His Epistles even as the radiance of the sun. Render thou thanks unto thy Lord for this excellent favour. However, We exhort thee to keep thine eyes directed to the horizon of dignity and , while being mindful of His sublime words: . . . yet warn them, for in truth warning will profit the believers,¹ to give the friends of God a gentle reminder in a spirit of amity and concord. Indeed, whoever is graciously enabled to fulfill this obligation, he will be reckoned among the sincere lovers of God in the lucid Book; but if not, no one should contend with him.

In this Day the glances of God . . . exalted be His glory . . . are directed towards the hearts of men to the goodly pearls treasured therein. This becometh the Lord and His chosen ones . . . glorified be His majesty. It behoveth thee to pray on behalf of the friends and loved ones of God, that He may graciously enable them to fulfil that which is ordained in the Book, and that they may not be hindered by vain imaginings and the transitory things of the world.

FROM A TABLET RECENTLY TRANSLATED FROM PERSIAN

Extracts From The Writings Of ‘Abdu’l-Bahá

4. Whatever hath been paid as Ḥuqúq, and delivered to him [Jináb-i-Amín] hath been or will be received in its entirety. In these days it is extremely difficult to send a separate receipt to each person. Therefore this letter should be treated as a collective receipt. Indeed Jináb-i-Amín’s receipts are naught but My own receipts. This is because he never careth for himself, nor is he particular about the largeness or the smallness of the amount. He is detached, humble, sincere and spiritual.

FROM A TABLET RECENTLY TRANSLATED FROM PERSIAN

5. Thou hast asked for a receipt as a token of assurance for everyone. We have repeatedly pointed out in writing that whatever amount is received by Jináb-i-Amín, the same have we duly received or shall receive.

FROM A TABLET RECENTLY TRANSLATED FROM PERSIAN

6. O Thou who art captivated by His Covenant and Testament!² In extolling thy virtues as a steadfast supporter of the Covenant, Jináb-i-Amín hath unloosed his eloquent tongue and raised his voice in high praise, stating that Jináb-i-Hájí Ghulám Ridá hath in truth attained the station of contentment and resignation, and that all times and under all conditions he hath proven himself to complete servitude at His sacred Threshold. In truth, he entertaineth no wish but for thralldom at the door of the Abhá Beauty, and yearneth for naught but to accomplish a service in the path of The Desired One. Praised be God that in moments of adversity his face hath glowed incandes-

¹ Qur’an - 51:55

² Jinab-i-Haji Ghulam Rida-Amin-i-Amin

cent in the fire of tests, even as purest gold, and thus is purged and purified from every dross and contamination. He hath at all times walked in the way of faithfulness, and trodden the path of firmness and constancy.

Therefore, in compliance with the precept of reward which is ordained by the Lord of Utterance, thou hast been appointed as Trustee of the Ḥuqúq and should presently, through the strengthening grace and bounty of the All-Merciful, take up this duty in Tíhrán, inasmuch as Jináb-i-Amín will occasionally travel to the outlying provinces.

We cherish the hope that the Lord of Glory may cause thee to be loved in both worlds, and that He may vouchsafe infinite bestowals unto thee.

And upon thee be the glory of the Most Glorious!

FROM THE TABLET RECENTLY TRANSLATED FROM THE PERSIAN

Extract from a letter written by Shoghi Effendi

7. In accordance with the explicit text of the Will and Testament, Ḥuqúqu'lláh should be expended on teaching the Cause of God in countries throughout the East and the West, establishing institutions, building Bahá'í Temples and promoting benevolent undertakings and the general weal.

FROM THE LETTER DATED 4 APRIL 1954—TRANSLATED FROM THE PERSIAN

Extracts from letters written on behalf of the Universal House of Justice

8. . . . the answer to your question is given in a letter dated 16 September 1979 written on behalf of the Universal House of Justice to a believer. This is included as section 105 of the compilation on Ḥuqúqu'lláh, and the relevant portion reads as follows:

Contributions to the funds of the Faith cannot be considered as part of one's payment of Ḥuqúqu'lláh; moreover, if one owes Ḥuqúqu'lláh and cannot afford both to pay it and to make contributions to the Fund, the payment of Ḥuqúqu'lláh should take priority over making contributions. But as whether contributions to the Fund may be treated as expenses in calculating the amount of one's assets on which Ḥuqúqu'lláh is payable; this is left to the judgment of each individual in the light of his own circumstances.

From this it can be seen that if a believer has calculated his liability to Ḥuqúqu'lláh and knows that he owes some, he should pay this in preference to making any other contributions.

However, during the course of the year a believer may well be making contributions to various funds, or giving money to charity, just as he is spending his money on a wide range of activities associated with his daily life. The

above statement from the Universal House of Justice (section 105) leaves it to his judgment to follow either of the following courses:

- a. To treat such contributions as expenses. They would then reduce the balance of savings he would have left at the end of the year on which Ḥuqúqu'lláh is payable.
- b. To consider that he should make such contributions only out of money on which Ḥuqúqu'lláh has been paid.

This ruling also leaves it open to the individual to treat some contributions in one way and some in the other. The House of Justice leaves all such details to the judgment and conscience of the individual believer.

3 FEBRUARY 1987 TO AN INDIVIDUAL

9. If, as you say, you are not in a position ever to accumulate assessable property equivalent in value to 19 mithquáls in gold, then, as the texts explain, you have no obligation to pay Ḥuqúqu'lláh. However, this does not mean that you may not contribute to this Fund if you wish to do so out of your love for Bahá'u'lláh and the generosity of your heart

23 JUNE 1987 TO AN INDIVIDUAL

10. a. One believer cannot discharge the obligation of another to pay Ḥuqúqu'lláh.

b. It is not permissible for a believer to earmark for any purpose a payment he makes to Ḥuqúqu'lláh, nor may he make such payment in honor of anyone.

22 MARCH 1989 MEMORANDUM FROM THE UNIVERSAL HOUSE OF JUSTICE TO A DEPARTMENT AT THE WORLD CENTER

11. . . . you ask whether the Law of Ḥuqúqu'lláh is a purely personal law or whether it applies to elected institutions and corporate bodies as well.

We have been asked to inform you that, although the Trustee is authorized to accept contributions to Ḥuqúqu'lláh from believers who are not under the obligation of paying it, or from companies which are wholly owned by Bahá'ís, the Law of Ḥuqúqu'lláh imposes an obligation only on individual believers, not on Bahá'í institutions or corporate bodies.

29 MARCH 1989 TO AN INDIVIDUAL

12. Essentially, the Ḥuqúqu'lláh should be paid by a believer during the course of his life whenever his surplus property reaches the assessable level. A certain leeway is provided in the law, inasmuch as reference is made to the annual expenses which should be deducted before the liability to Ḥuqúqu'lláh is calculated. Ideally, when a Bahá'í dies, the only payment to Ḥuqúqu'lláh which should need to be provided for in his Will is such additional liability as may be found to exist when his affairs are reckoned up as at the date of his death.

The House of Justice hopes that as the believers acquaint themselves with the law of Ḥuqúqu'lláh and start to pay it, they will also learn not only how to calculate it during the course of their lives but will thereby be enabled to understand how to provide for the payment of the balance remaining at their deaths.

1 OCTOBER 1989 TO AN INDIVIDUAL

13. Such an exceptional confluence of imminent achievements—the publication of the Kitáb-i-Aqdas, the progress of the building projects on Mount Carmel, the conclusion of the Six Year Plan, the inception of the Holy Year—animates the expectations of the Bahá'í world, sets the stage for mightier endeavors than have already been attempted, and points us all to the opening of a new phase of history. It seems fitting, then, that the sacred law which enables each one to express his or her personal sense of devotion to God in a profoundly private act of conscience that promotes the common good, which directly connects the individual believer with the Central Institution of the Faith, and which above all, ensures to the obedient and the sincere the ineffable grace abundant blessings of Providence, should, at this favorable juncture, be embraced by all who profess their belief in the Supreme Manifestation of God. With humility before our sovereign Lord, we now announce that as Riḍván 1992, the beginning of the Holy Year, the Law of Ḥuqúqu'lláh, the Right of God, will become universally applicable. All are lovingly called to observe it.

RIḌVÁN 1991 TO THE BAHÁ'ÍS OF THE WORLD

14. The House of Justice does not envisage issuing any specific method of calculation for the use of the friends. They should be left free to work out their own methods on the basis of the texts and examples already before them.

1 JULY 1991 TO AN INDIVIDUAL

15. We have recently received an inquiry about the application of the Law of Ḥuqúqu'lláh in two situations.

The first concerns those believers who have not, until this Riḍván, been subject to the Law. The second, which is related to it, concerns new believers.

The question is whether the property on which a person is obliged to compute his Ḥuqúqu'lláh is all that he possesses at the date on which the Law becomes applicable to him, or only on such property as he amasses subsequent to that date.

Our conclusion is that the property which is assessable to Ḥuqúqu'lláh is all that a person possesses on the date that the Law becomes applicable to him. This does not mean, of course, that he must immediately pay the Ḥuqúqu'lláh that is due, since to do so might require him to dispose of many of his

belongings and place him in a very difficult situation. But the principle of computation is clear, and the Ḥuqúqu'lláh due should ultimately be paid.

Since so many aspects of the Law have been left Bahá'u'lláh to the conscience and judgment of the individual believer to apply, we prefer that no general announcement of this decision be made at this time. However, if you receive any questions from believers on this subject, you may give this reply.

Appendix B: Changes in United States Tax Regulations

A Letter from the National Spiritual Assembly dated April 12, 1994

To All Local Spiritual Assemblies and Groups

Dear Bahá'í Friends:

We are informing you of changes in tax laws affecting not-for-profit organizations. Legislation signed into law by President Clinton on August 10, 1993, contains a number of significant provisions affecting tax-exempt charitable organizations. These laws affect Local Spiritual Assemblies and Bahá'í Groups and include:

- A. New substantiation requirements for donors, and
- B. New disclosures for charities

Section A - Donor's Substantiation Requirements

1. Beginning January 1, 1994, no deduction will be allowed from individual income taxes for any charitable contributions of \$250 or more unless the donor receives contemporaneous written substantiation from the charity (in this case, the Local Spiritual Assembly).

Substantiation simply means a receipt or acknowledgment for the contribution. Contemporaneous means that the donor must receive the receipt before filing

their return.

2. In cases where the charity has provided goods or services to the donor in exchange for the contribution (e.g. a dinner at a fund raising event), this written acknowledgment must include a good faith estimate by the Assembly of the value of such goods or services. The donor is only allowed a tax deduction for the amount of his/her donation over and above the cost of the goods or services received in return. (Please see section B below).

3. The donor may no longer rely solely on a canceled check to substantiate a cash contribution of \$250 or more.

The IRS does not prescribe a specific format for the written acknowledgments or receipts. For example, letters, postcards, or computer-generated forms may be acceptable. The acknowledgments do not have to include the donor's social security or tax identification number. They must, however, provide sufficient information to substantiate the amount of the contribution. If the donation is not in the form of cash or check (for example, real estate, securities or jewelry), then the acknowledgment should describe the item but does not need to include its estimated value. Valuation of the donated item through obtaining estimates, showing the purchase price, price, etc., is the responsibility of the donor.

4. The written substantiation (i.e., the receipt) should also note whether the Spiritual Assembly provided any goods or services in consideration for the contributions, and, if so, must provide a description and good-faith estimate of the value of the goods or services. Such contributions are referred to as *quid pro quo* contributions in the new law.

5. If the goods or services consists entirely of intangible religious benefits, the receipt should indicate this, but the statement need not describe or provide a value of these benefits. An example, of an intangible religious benefit would be admission to a Bahá'í event. In addition, the value and description of *de minimis* (insignificant) tangible religious benefits, such as refreshments received at a Bahá'í Feast, need not be mentioned in the receipt. If, on the other hand, the donor received nothing in return for the contribution, the receipt must so state.

The Spiritual Assembly may either provide separate acknowledgment letters and/or receipts for each contribution of \$250 or more from a donor, or furnish periodic statements substantiating such contributions.

Section B— Disclosure By Assembly of Receipt of *Quid Pro Quo* Contribution

Beginning January 1, 1994, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a *quid pro quo* contribution, in excess of \$75. The disclosure statement is separate from the donor substantiation (receipt) as discussed above, and is in addition to it.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charity. An example of a quid pro quo contribution is where the donor gives a charity \$100 for a concert ticket valued at \$40. In this example, only \$60 would be deductible by the individual donor. Because the donor's payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished to the donor by the Assembly, even though the deductible amount itself does not exceed \$75.

The required written disclosure statement may be included on the receipt or provided in a separate document at the same time. Either way, the statement should:

1. Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and
2. Provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

A penalty is imposed on organizations that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution for more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fund raising event or mailing.

These new regulations may require additional effort on the Assembly's part; the friends, however, could be adversely affected by not being allowed to deduct their contributions to the Funds of \$250 or more if they do not receive these materials from the Assembly on a timely basis. Your Assembly's efforts to comply with the new regulations are thus an important service to the believers.

With loving regards,
Office of the Treasurer



Department
of the
Treasury

Internal
Revenue
Service

Publication 526

(Rev. December 2003)

Cat. No. 15050A

Charitable Contributions



**Get forms and other information
faster and easier by:**

Internet • www.irs.gov or FTP • [ftp.irs.gov](ftp://ftp.irs.gov)

FAX • 703-368-9694 (from your fax machine)

Contents

Introduction	1
Organizations That Qualify To Receive Deductible Contributions	2
Contributions You Can Deduct	3
Contributions You Cannot Deduct	5
Contributions of Property	6
When To Deduct	9
Limits on Deductions	9
Records To Keep	12
How To Report	14
How To Get Tax Help	15
Index	18

Introduction

This publication explains how to claim a deduction for your charitable contributions. It discusses organizations that are qualified to receive deductible charitable contributions, the types of contributions you can deduct, how much you can deduct, what records to keep, and how to report charitable contributions.

A **charitable contribution** is a donation or gift to, or for the use of, a **qualified organization**. It is voluntary and is made without getting, or expecting to get, anything of equal value.

Qualified organizations. Qualified organizations include nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals. You will find descriptions of these organizations under *Organizations That Qualify To Receive Deductible Contributions*.

Form 1040 required. To deduct a charitable contribution, you must file Form 1040 and itemize deductions on Schedule A. The amount of your deduction may be limited if certain rules and limits explained in this publication apply to you.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can e-mail us at ***taxforms@irs.gov**. Please put "Publications Comment" on the subject line.

You can write to us at the following address:

Internal Revenue Service
Individual Forms and Publications Branch
SE:W:CAR:MP:T:I
1111 Constitution Ave. NW
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

Useful Items

You may want to see:

Publication

- 78** Cumulative List of Organizations
- 561** Determining the Value of Donated Property

Form (and Instructions)

- Schedule A (Form 1040)** Itemized Deductions
- 8283** Noncash Charitable Contributions

See *How To Get Tax Help* near the end of this publication for information about getting these publications and forms.

Organizations That Qualify To Receive Deductible Contributions

You can deduct your contributions only if you make them to a **qualified organization**. To become a qualified organization, most organizations other than churches and governments, as described below, must apply to the IRS.

Publication 78. You can ask any organization whether it is a qualified organization, and most will be able to tell you. Or you can check IRS Publication 78, which lists most qualified organizations. You may find Publication 78 in your local library's reference section. Or you can find it on the Internet at www.irs.gov. You can also call the IRS to find out if an organization is qualified. Call 1-877-829-5500. (For TTY/TDD help, call 1-800-829-4059.)

Types of Qualified Organizations

Generally, only the five following types of organizations can be qualified organizations.

- 1) **A community chest, corporation, trust, fund, or foundation** organized or created in or under the laws of the United States, any state, the District of Columbia, or any possession of the United States (including Puerto Rico). It must be organized and operated only for one or more of the following purposes.
 - a) Religious.
 - b) Charitable.
 - c) Educational.
 - d) Scientific.
 - e) Literary.
 - f) The prevention of cruelty to children or animals.

Certain organizations that foster national or international amateur sports competition also qualify.

Table 1. **Examples of Charitable Contributions—A Quick Check**

Use the following lists for a quick check of contributions you can or cannot deduct. See the rest of this publication for more information and additional rules and limits that may apply.

<u>Deductible As Charitable Contributions</u>	<u>Not Deductible As Charitable Contributions</u>
<p>Money or property you give to:</p> <ul style="list-style-type: none"> • Churches, synagogues, temples, mosques, and other religious organizations • Federal, state, and local governments, if your contribution is solely for public purposes (for example, a gift to reduce the public debt) • Nonprofit schools and hospitals • Public parks and recreation facilities • Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc. • War veterans' groups <p>Expenses paid for a student living with you, sponsored by a qualified organization</p> <p>Out-of-pocket expenses when you serve a qualified organization as a volunteer</p>	<p>Money or property you give to:</p> <ul style="list-style-type: none"> • Civic leagues, social and sports clubs, labor unions, and chambers of commerce • Foreign organizations (except certain Canadian, Israeli, and Mexican charities) • Groups that are run for personal profit • Groups whose purpose is to lobby for law changes • Homeowners' associations • Individuals • Political groups or candidates for public office <p>Cost of raffle, bingo, or lottery tickets</p> <p>Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups</p> <p>Tuition</p> <p>Value of your time or services</p> <p>Value of blood given to a blood bank</p>

- 2) **War veterans' organizations**, including posts, auxiliaries, trusts, or foundations, organized in the United States or any of its possessions.
- 3) **Domestic fraternal societies**, orders, and associations operating under the lodge system.

Note. Your contribution to this type of organization is deductible only if it is to be used solely for charitable, religious, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.
- 4) **Certain nonprofit cemetery companies** or corporations.

Note. Your contribution to this type of organization is not deductible if it can be used for the care of a specific lot or mausoleum crypt.
- 5) **The United States** or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions.

Note. To be deductible, your contribution to this type of organization must be made solely for public purposes.

Example 1. You contribute cash to your city's police department to be used as a reward for information about a crime. The city police department is a qualified organi-

zation, and your contribution is for a public purpose. You can deduct your contribution.

Example 2. You make a voluntary contribution to the social security trust fund, not earmarked for a specific account. Because the trust fund is part of the U.S. Government, you contributed to a qualified organization. You can deduct your contribution.

Examples. The following list gives some examples of qualified organizations.

- Churches, a convention or association of America, colleges, museums, and day-care centers if substantially all the child care provided is to enable individuals (the parents) to be gainfully employed and the services are available to the general public. However, if your contribution is a substitute for tuition or other enrollment fee, it is not deductible as a charitable contribution, as explained later under *Contributions You Cannot Deduct*.
- Nonprofit hospitals and medical research organizations.

- Utility company emergency energy programs, if the utility company is an agent for a charitable organization that assists individuals with emergency energy needs.
- Nonprofit volunteer fire companies.
- Public parks and recreation facilities.
- Civil defense organizations.

Canadian charities. You may be able to deduct contributions to certain Canadian charitable organizations covered under an income tax treaty with Canada.

To deduct your contribution to a Canadian charity, you generally must have income from sources in Canada. See Publication 597, *Information on the United States–Canada Income Tax Treaty*, for information on how to figure your deduction.

Mexican charities. You may be able to deduct contributions to certain Mexican charitable organizations under an income tax treaty with Mexico.

The organization must meet tests that are essentially the same as the tests that qualify U.S. organizations to receive deductible contributions. The organization may be able to tell you if it meets these tests.



If not, you can get general information about the tests the organization must meet by writing to the:

Internal Revenue Service
International Returns Section
P.O. Box 920
Bensalem, PA 19020–8518.

To deduct your contribution to a Mexican charity, you must have income from sources in Mexico. The limits described in *Limits on Deductions*, later, apply and are figured using your income from Mexican sources. Those limits also apply to all your charitable contributions, as described in that discussion.

Israeli charities. You may be able to deduct contributions to certain Israeli charitable organizations under an income tax treaty with Israel. To qualify for the deduction, your contribution must be made to an organization created and recognized as a charitable organization under the laws of Israel. The deduction will be allowed in the amount that would be allowed if the organization was created under the laws of the United States, but is limited to 25% of your adjusted gross income from Israeli sources.

Contributions You Can Deduct

Generally, you can deduct your contributions of money or property that you make to, or for the use of, a qualified organization. A gift or contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

The contributions must be made to a qualified organization and not set aside for use by a specific person.

If you give property to a qualified organization, you generally can deduct the fair market value of the property at the time of the contribution. See *Contributions of Property*, later.

Your deduction for charitable contributions is generally limited to 50% of your adjusted gross income, but in some cases 20% and 30% limits may apply. See *Limits on Deductions*, later.

The total of your charitable contributions deduction and certain other itemized deductions may be limited. See the instructions for Form 1040 for more information.

Table 1 in this publication lists some examples of contributions you can deduct and some that you cannot deduct.

Contributions From Which You Benefit

If you receive a benefit as a result of making a contribution to a qualified organization, you can deduct only the amount of your contribution that is **more than the value of the benefit** you receive. Also see *Contributions From Which You Benefit* under *Contributions You Cannot Deduct*, later.

If you pay more than fair market value to a qualified organization for merchandise, goods, or services, the amount you pay that is more than the value of the item can be a charitable contribution. For the excess amount to qualify, you must pay it with the intent to make a charitable contribution.

Example 1. You pay \$65 for a ticket to a dinner-dance at a church. All the proceeds of the function go to the church. The ticket to the dinner-dance has a fair market value of \$25. When you buy your ticket, you know that its value is less than your payment. To figure the amount of your charitable contribution, you subtract the value of the benefit you receive (\$25) from your total payment (\$65). You can deduct \$40 as a charitable contribution to the church.

Example 2. At a fund-raising auction conducted by a charity, you pay \$600 for a week’s stay at a beach house. The amount you pay is no more than the fair rental value. You have not made a deductible charitable contribution.

Athletic events. If you make a payment to, or for the benefit of, a college or university and, as a result, you receive the right to buy tickets to an athletic event in the athletic stadium of the college or university, you can deduct 80% of the payment as a charitable contribution.

If any part of your payment is for tickets (rather than the right to buy tickets), that part is not deductible. In that case, subtract the price of the tickets from your payment. 80% of the remaining amount is a charitable contribution.

Example 1. You pay \$300 a year for membership in an athletic scholarship program maintained by a university (a qualified organization). The only benefit of membership is that you have the right to buy one season ticket for a seat in a designated area of the stadium at the university’s home football games. You can deduct \$240 (80% of \$300) as a charitable contribution.

Example 2. The facts are the same as in Example 1 except that your \$300 payment in-

cluded the purchase of one season ticket for the stated ticket price of \$120. You must subtract the usual price of a ticket (\$120) from your \$300 payment. The result is \$180. Your deductible charitable contribution is \$144 (80% of \$180).

Charity benefit events. If you pay a qualified organization more than fair market value for the right to attend a charity ball, banquet, show, sporting event, or other benefit event, you can deduct only the amount that is more than the value of the privileges or other benefits you receive.

If there is an established charge for the event, that charge is the value of your benefit. If there is no established charge, your contribution is that part of your payment that is more than the reasonable value of the right to attend the event. Whether you use the tickets or other privileges has no effect on the amount you can deduct. However, if you return the ticket to the qualified organization for resale, you can deduct the entire amount you paid for the ticket.



Even if the ticket or other evidence of payment indicates that the payment is a “contribution,” this does not mean you can deduct the entire amount. If the ticket shows the price of admission and the amount of the contribution, you can deduct the contribution amount.

Example. You pay \$40 to see a special showing of a movie for the benefit of a qualified organization. Printed on the ticket is “Contribution—\$40.” If the regular price for the movie is \$8, your contribution is \$32 (\$40 payment – \$8 regular price).

Membership fees or dues. You may be able to deduct membership fees or dues you pay to a qualified organization. However, you can deduct only the amount that is more than the value of the benefits you receive. You cannot deduct dues, fees, or assessments paid to country clubs and other social organizations. They are not qualified organizations.

Certain membership benefits can be disregarded. Both you and the organization can disregard certain membership benefits you get in return for an annual payment of **\$75 or less** to the qualified organization. You can pay more than \$75 to the organization if the organization does not require a larger payment for you to get the benefits. The benefits covered under this rule are:

- 1) Any rights or privileges, other than those discussed under *Athletic events*, earlier, that you can use frequently while you are a member, such as:
 - a) Free or discounted admission to the organization’s facilities or events,
 - b) Free or discounted parking,
 - c) Preferred access to goods or services, and
 - d) Discounts on the purchase of goods and services, and
- 2) Admission, while you are a member, to events that are open only to members of the organization if the organization reasonably projects that the cost per person (excluding any allocated overhead) is not

more than a specified amount, which may be adjusted annually for inflation. (This is the amount for low-cost articles given in the annual revenue procedure with inflation adjusted amounts for the current year. You can get this figure from the IRS.)

Token items. You can deduct your entire payment to a qualified organization as a charitable contribution if both of the following are true.

- 1) You get a small item or other benefit of token value.
- 2) The qualified organization correctly determines that the value of the item or benefit you received is not substantial and informs you that you can deduct your payment in full.

The organization determines whether the value of an item or benefit is substantial by using Revenue Procedures 90–12 and 92–49 and the revenue procedure with the inflation adjusted amounts for the current year.

Written statement. A qualified organization must give you a written statement if you make a payment to it that is **more than \$75** and is partly a contribution and partly for goods or services. The statement must tell you that you can deduct only the amount of your payment that is more than the value of the goods or services you received. It must also give you a good faith estimate of the value of those goods or services.

The organization can give you the statement either when it solicits or when it receives the payment from you.

Exception. An organization will not have to give you this statement if one of the following is true.

- 1) The organization is:
 - a) The type of organization described in (5) under *Types of Qualified Organizations*, earlier, or
 - b) Formed only for religious purposes, and the only benefit you receive is an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in commercial transactions outside the donative context.
- 2) You receive only items whose value is not substantial as described under *Token items*, earlier.
- 3) You receive only membership benefits that can be disregarded, as described earlier.

Expenses Paid for Student Living With You

You may be able to deduct some expenses of having a student live with you. You can deduct **qualifying expenses** for a foreign or American student who:

- 1) Lives in your home under a written agreement between you and a **qualified organization** (defined later) as part of a program of the organization to provide educational opportunities for the student,

- 2) Is not your dependent or relative, and
- 3) Is a full-time student in the twelfth or lower grade at a school in the United States.



You can deduct up to \$50 a month for each full calendar month the student lives with you. Any month when conditions (1) through (3) above are met for 15 or more days counts as a full month.

Qualified organization. For these purposes, a qualified organization can be any of the organizations described earlier under *Organizations That Qualify To Receive Deductible Contributions*, except those in (4) and (5). For example, if you are providing a home for a student through a state or local government agency, you cannot deduct your expenses as charitable contributions.

Qualifying expenses. Expenses that you may be able to deduct include the cost of books, tuition, food, clothing, transportation, medical and dental care, entertainment, and other amounts you actually spend for the well-being of the student.

Expenses that do not qualify. Depreciation on your home, the fair market value of lodging, and similar items are not considered amounts spent by you. In addition, general household expenses, such as taxes, insurance, repairs, etc., do not qualify for the deduction.

Reimbursed expenses. If you are compensated or reimbursed for any part of the costs of having a student living with you, you cannot deduct **any** of your costs. However, if you are reimbursed for only an extraordinary or a one-time item, such as a hospital bill or vacation trip, that you paid in advance at the request of the student's parents or the sponsoring organization, you can deduct your expenses for the student for which you were not reimbursed.

Mutual exchange program. You cannot deduct the costs of a foreign student living in your home under a mutual exchange program through which your child will live with a family in a foreign country.

Reporting expenses. For a list of what you must file with your return if you deduct expenses for a student living with you, see *Reporting expenses for student living with you* under *How To Report*, later.

Out-of-Pocket Expenses in Giving Services

You may be able to deduct some amounts you pay in giving services to a qualified organization. The amounts must be:

- Unreimbursed,
- Directly connected with the services,
- Expenses you had only because of the services you gave, and
- Not personal, living, or family expenses.

Table 2 contains questions and answers that apply to some individuals who volunteer their services.

Underprivileged youths selected by charity. You can deduct reasonable unreimbursed out-of-pocket expenses you pay to allow underprivileged youths to attend athletic events, movies, or dinners. The youths must be selected by a charitable organization whose goal is to reduce juvenile delinquency. Your own similar expenses in accompanying the youths are not deductible.

Conventions. If you are a chosen representative attending a convention of a qualified organization, you can deduct unreimbursed expenses for travel and transportation, including a reasonable amount for meals and lodging, while away from home overnight in connection with the convention. However, see *Travel*, later.

You cannot deduct personal expenses for sightseeing, fishing parties, theater tickets, or nightclubs. You also cannot deduct travel, meals and lodging, and other expenses for your spouse or children.

You cannot deduct your expenses in attending a church convention if you go only as a member of your church rather than as a chosen representative. You can deduct unreimbursed expenses that are directly connected with giving services for your church during the convention.

Uniforms. You can deduct the cost and upkeep of uniforms that are not suitable for everyday use and that you must wear while performing donated services for a charitable organization.

Foster parents. You may be able to deduct as a charitable contribution some of the costs of being a foster parent (foster care provider) if you have no profit motive in providing the foster care and are not, in fact, making a profit. A qualified organization must designate the individuals you take into your home for foster care.

You can deduct expenses that meet both of the following requirements.

- 1) They are unreimbursed out-of-pocket expenses to feed, clothe, and care for the foster child.
- 2) They must be mainly to benefit the qualified organization.

Unreimbursed expenses that you cannot deduct as charitable contributions may be considered support provided by you in determining whether you can claim the foster child as a dependent. For details, see Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

Example. You cared for a foster child because you wanted to adopt her, not to benefit the agency that placed her in your home. Your unreimbursed expenses are not deductible as charitable contributions.

Church deacon. You can deduct as a charitable contribution any unreimbursed expenses you have while in a permanent diaconate program established by your church. These expenses include the cost of vestments, books, and transportation required in order to serve in the program as either a deacon candidate or as an ordained deacon.

Car expenses. You can deduct unreimbursed out-of-pocket expenses, such as the cost of gas and oil, that are directly related to the use of your car in giving services to a charitable organiza-

Table 2. Volunteers' Questions and Answers

If you do volunteer work for a **qualified organization**, the following questions and answers may apply to you. All of the rules explained in this publication also apply. See, in particular, *Out-of-Pocket Expenses in Giving Services*.

Question	Answer
<p>I do volunteer work 6 hours a week in the office of a qualified organization. The receptionist is paid \$6 an hour to do the same work I do. Can I deduct \$36 a week for my time?</p> <p>The office is 30 miles from my home. Can I deduct any of my car expenses for these trips?</p>	<p>No, you cannot deduct the value of your time or services.</p> <p>Yes, you can deduct the costs of gas and oil that are directly related to getting to and from the place where you are a volunteer. If you do not want to figure your actual costs, you can deduct 14 cents for each mile.</p>
<p>I volunteer as a Red Cross nurse's aide at a hospital. Can I deduct the cost of uniforms that I must wear?</p>	<p>Yes, you can deduct the cost of buying and cleaning your uniforms if the hospital is a qualified organization, the uniforms are not suitable for everyday use, and you must wear them when volunteering.</p>
<p>I pay a baby sitter to watch my children while I do volunteer work for a qualified organization. Can I deduct these costs?</p>	<p>No, you cannot deduct payments for child care expenses as a charitable contribution, even if they are necessary so you can do volunteer work for a qualified organization. (If you have child care expenses so you can work for pay, get Publication 503, <i>Child and Dependent Care Expenses</i>.)</p>

tion. **You cannot deduct** general repair and maintenance expenses, depreciation, registration fees, or the costs of tires or insurance.

If you do not want to deduct your actual expenses, you can use a standard mileage rate of **14 cents a mile** to figure your contribution.

You can deduct parking fees and tolls, whether you use your actual expenses or the standard mileage rate.

You must keep reliable written records of your car expenses. For more information, see *Car expenses under Records To Keep*, later.

Travel. Generally, you can claim a charitable contribution deduction for travel expenses necessarily incurred while you are away from home performing services for a charitable organization only if there is **no significant element of personal pleasure**, recreation, or vacation in the travel. This applies whether you pay the expenses directly or indirectly. You are paying the expenses indirectly if you make a payment to the charitable organization and the organization pays for your travel expenses.

The deduction for travel expenses will not be denied simply because you enjoy providing services to the charitable organization. Even if you enjoy the trip, you can take a charitable contribution deduction for your travel expenses if you are on duty in a genuine and substantial sense throughout the trip. However, if you have only nominal duties, or if for significant parts of the trip you do not have any duties, you cannot deduct your travel expenses.

Example 1. You are a troop leader for a tax-exempt youth group and you help take the group on a camping trip. You are responsible for overseeing the set up of the camp and for providing adult supervision for other activities during the entire trip. You participate in the activities of the group and really enjoy your time with them. You oversee the breaking of camp and you help transport the group home. You can deduct your travel expenses.

Example 2. You sail from one island to another and spend 8 hours a day counting whales and other forms of marine life. The project is sponsored by a charitable organization. In most circumstances, you cannot deduct your expenses.

Example 3. You work for several hours each morning on an archeological dig sponsored by a charitable organization. The rest of the day is free for recreation and sightseeing. You cannot take a charitable contribution deduction even though you work very hard during those few hours.

Example 4. You spend the entire day attending a charitable organization's regional meeting as a chosen representative. In the evening you go to the theater. You can claim your travel expenses as charitable contributions, but you cannot claim the cost of your evening at the theater.

Daily allowance (per diem). If you provide services for a charitable organization and receive a daily allowance to cover reasonable travel expenses, including meals and lodging while away from home overnight, you must include in income the amount of the allowance that is more than your deductible travel expenses. You can deduct your necessary travel expenses that are more than the allowance.

Deductible travel expenses. These include:

- Air, rail, and bus transportation,
- Out-of-pocket expenses for your car,
- Taxi fares or other costs of transportation between the airport or station and your hotel,
- Lodging costs, and
- The cost of meals.

Because these travel expenses are not business-related, they are not subject to the same limits as business related expenses. For information on business travel expenses, see *Travel Expenses* in Publication 463, *Travel, Entertainment, Gift, and Car Expenses*.

Contributions You Cannot Deduct

There are some contributions you cannot deduct. There are others you can deduct only part of.

You cannot deduct as a charitable contribution:

- 1) A contribution to a specific **individual**,
- 2) A contribution to a **nonqualified organization**,
- 3) The part of a contribution from which you receive or expect to **receive a benefit**,
- 4) The **value of your time or services**,
- 5) Your **personal expenses**,
- 6) **Appraisal fees**, or
- 7) Certain contributions of **partial interests in property**.

Detailed discussions of these items follow.

Contributions to Individuals

You cannot deduct contributions to specific individuals, including:

- Contributions to fraternal societies made for the purpose of paying medical or burial expenses of deceased members.
- Contributions to individuals who are needy or worthy. This includes contributions to a qualified organization if you indicate that your contribution is for a specific person. But you can deduct a contribution that you give to a qualified organization that in turn helps needy or worthy individuals if you do not indicate that your contribution is for a specific person.

Example. You can deduct contributions earmarked for flood relief, hurricane relief, or other disaster relief to a qualified organization. However, you cannot deduct contributions earmarked for relief of a particular individual or family.

- Payments to a member of the clergy that can be spent as he or she wishes, such as for personal expenses.
- Expenses you paid for another person who provided services to a qualified organization.

Example. Your son does missionary work. You pay his expenses. You cannot claim a deduction for your son's unreimbursed expenses related to his contribution of services.
- Payments to a hospital that are for a specific patient's care or for services for a specific patient. You cannot deduct these payments even if the hospital is operated by a city, state, or other qualified organization.

Contributions to Nonqualified Organizations

You cannot deduct contributions to organizations that are not qualified to receive tax-deductible contributions, including the following.

- 1) **Certain state bar associations** if:
 - a) The state bar is not a political subdivision of a state,
 - b) The bar has private, as well as public, purposes, such as promoting the professional interests of members, and
 - c) Your contribution is unrestricted and can be used for private purposes.
- 2) **Chambers of commerce** and other business leagues or organizations.
- 3) **Civic leagues and associations.**
- 4) **Communist organizations.**
- 5) **Country clubs** and other social clubs.
- 6) **Foreign organizations** other than:
 - a) A U.S. organization that transfers funds to a charitable foreign organization if the U.S. organization controls the use of the funds or if the foreign organization is only an administrative arm of the U.S. organization, or
 - b) Certain Canadian, Israeli, or Mexican charitable organizations. See *Canadian charities, Mexican charities, and Israeli charities* under *Organizations That Qualify To Receive Deductible Contributions*, earlier.
- 7) **Homeowners' associations.**
- 8) **Labor unions.** But you may be able to deduct union dues as a miscellaneous itemized deduction, subject to the 2%-of-adjusted-gross-income limit, on Schedule A (Form 1040). See Publication 529, *Miscellaneous Deductions*.
- 9) **Political organizations and candidates.**

Contributions From Which You Benefit

If you receive or expect to receive a financial or economic benefit as a result of making a contribution to a qualified organization, you cannot deduct the part of the contribution that represents the value of the benefit you receive. See *Contributions From Which You Benefit* under *Contributions You Can Deduct*, earlier. These contributions include:

- Contributions for **lobbying**. This includes amounts that you earmark for use in, or in connection with, influencing specific legislation.
- Contributions to a **retirement home** that are clearly for room, board, maintenance, or admittance. Also, if the amount of your contribution depends on the type or size of apartment you will occupy, it is not a charitable contribution.
- Costs of **raffles, bingo, lottery, etc.** You cannot deduct as a charitable contribution amounts you pay to buy raffle or lottery tickets or to play bingo or other games of chance. For information on how to report gambling winnings and losses, see *Deductions Not Subject to the 2% Limit* in Publication 529.
- Dues to **fraternal orders** and similar groups. However, see *Membership fees or dues* under *Contributions From Which You Benefit*, earlier.
- **Tuition**, or amounts you pay instead of tuition, even if you pay them for children to attend parochial schools or qualifying non-profit day-care centers. You also cannot deduct any fixed amount you may be required to pay in addition to the tuition fee to enroll in a private school, even if it is designated as a "donation."
- **Contributions connected with split-dollar insurance arrangements.** You cannot deduct any part of a contribution to a charitable organization if, in connection with the contribution, the organization directly or indirectly pays, has paid, or is expected to pay any premium on any life insurance, annuity, or endowment contract for which you, any member of your family or any other person chosen by you (other than a qualified charitable organization) is a beneficiary.

Example. You donate money to a charitable organization. The charity uses the money to purchase a cash value life insurance policy. The beneficiaries under the insurance policy include members of your family. Even though the charity may eventually get some benefit out of the insurance policy, you cannot deduct any part of the donation.

Value of Time or Services

You cannot deduct the value of your time or services, including:

- **Blood donations** to the Red Cross or to blood banks, and

- **The value of income lost** while you work as an unpaid volunteer for a qualified organization.

Personal Expenses

You cannot deduct personal, living, or family expenses, such as the following items.

- **The cost of meals** you eat while you perform services for a qualified organization, unless it is necessary for you to be away from home overnight while performing the services.
- **Adoption expenses**, including fees paid to an adoption agency and the costs of keeping a child in your home before adoption is final. However, you may be able to claim a tax credit for these expenses. Also, you may be able to exclude from your gross income amounts paid or reimbursed by your employer for your adoption expenses. See Publication 968, *Tax Benefits for Adoption*, for more information. You also may be able to claim an exemption for the child. See *Adoption* in Publication 501 for more information.

Appraisal Fees

Fees that you pay to find the fair market value of donated property are not deductible as contributions. You can claim them, subject to the 2%-of-adjusted-gross-income limit, as a miscellaneous itemized deduction on Schedule A (Form 1040). See *Deductions Subject to the 2% Limit* in Publication 529 for more information.

Partial Interest in Property

Generally, you cannot deduct a contribution of less than your entire interest in property. For details, see *Partial interest in property* under *Contributions of Property*, later.

Contributions of Property

If you contribute property to a qualified organization, the amount of your charitable contribution is generally the **fair market value** of the property at the time of the contribution. However, if the property has increased in value, you may have to make some adjustments to the amount of your deduction. See *Giving Property That Has Increased in Value*, later.

For information about the records you must keep and the information you must furnish with your return if you donate property, see *Records To Keep and How To Report*, later.

Contributions Subject to Special Rules

Special rules apply if you contributed:

- Property subject to a debt,
- A partial interest in property,

- A future interest in tangible personal property, or
- Inventory from your business.

These special rules are described next.

Property subject to a debt. If you contribute property subject to a debt (such as a mortgage), you must reduce the fair market value of the property by:

- 1) Any allowable deduction for interest that you paid (or will pay) attributable to any period after the contribution, and
- 2) If the property is a bond, the lesser of:
 - a) Any allowable deduction for interest you paid (or will pay) to buy or carry the bond that is attributable to any period before the contribution, or
 - b) The interest, including bond discount, receivable on the bond that is attributable to any period before the contribution, and that is not includible in your income due to your accounting method.

This prevents a double deduction of the same amount as investment interest and also as a charitable contribution.

If the debt is assumed by the recipient (or another person), you must also reduce the fair market value of the property by the amount of the outstanding debt.

If you sold the property to a qualified organization at a bargain price, the amount of the debt is also treated as an amount realized on the sale or exchange of property. For more information, see *Bargain Sales* under *Giving Property That Has Increased in Value*, later.

Partial interest in property. Generally, you cannot deduct a charitable contribution (not made by a transfer in trust) of less than your entire interest in property.

Right to use property. A contribution of the right to use property is a contribution of less than your entire interest in that property and is not deductible.

Example 1. You own a 10-story office building and donate rent-free use of the top floor to a charitable organization. Since you still own the building, you have contributed a partial interest in the property and cannot take a deduction for the contribution.

Example 2. Mandy White owns a vacation home at the beach that she sometimes rents to others. For a fund-raising auction at her church, she donated the right to use the vacation home for 1 week. At the auction, the church received and accepted a bid from Lauren Green equal to the fair rental value of the home for 1 week. Mandy cannot claim a deduction because of the partial interest rule. Lauren cannot claim a deduction either, because she received a benefit equal to the amount of her payment. See *Contributions From Which You Benefit*, earlier.

Exceptions. You can deduct a charitable contribution of a partial interest in property only if that interest represents one of the following listed items.

- 1) A remainder interest in your personal home or farm. A remainder interest is one that passes to a beneficiary after the end of an earlier interest in the property.

Example. You keep the right to live in your home during your lifetime and give your church a remainder interest that begins upon your death.

- 2) An undivided part of your entire interest. This must consist of a part of every substantial interest or right you own in the property and must last as long as your interest in the property lasts.

Example. You contribute voting stock to a qualified organization but keep the right to vote the stock. The right to vote is a substantial right in the stock. You have not contributed an undivided part of your entire interest and cannot deduct your contribution.

- 3) A partial interest that would be deductible if transferred in trust.
- 4) A qualified conservation contribution (defined under *Qualified conservation contribution* in Publication 561).

For information about how to figure the value of a contribution of a partial interest in property, see *Partial Interest in Property Not in Trust* in Publication 561.

Future interest in tangible personal property. You can deduct the value of a charitable contribution of a future interest in tangible personal property only after all intervening interests in and rights to the actual possession or enjoyment of the property have either expired or been turned over to someone other than yourself, a related person, or a related organization.

Related persons include your spouse, children, grandchildren, brothers, sisters, and parents. Related organizations may include a partnership or corporation that you have an interest in, or an estate or trust that you have a connection with.

Tangible personal property. This is any property, other than land or buildings, that can be seen or touched. It includes furniture, books, jewelry, paintings, and cars.

Future interest. This is any interest that is to begin at some future time, regardless of whether it is designated as a future interest under state law.

Example. You own an antique car that you contribute to a museum. You give up ownership, but retain the right to keep the car in your garage with your personal collection. Since you keep an interest in the property, you cannot deduct the contribution. If you turn the car over to the museum in a later year, giving up all rights to its use, possession, and enjoyment, you can take a deduction for the contribution in that later year.

Inventory. If you contribute inventory (property that you sell in the course of your business), the amount you can claim as a contribution deduction is the smaller of its fair market value on the day you contributed it or its basis. The basis of donated inventory is any cost incurred for the inventory in an earlier year that you would otherwise include in your opening inventory for the year of the contribution. You must remove the

amount of your contribution deduction from your opening inventory. It is not part of the cost of goods sold.

If the cost of donated inventory is not included in your opening inventory, the inventory's basis is zero and you cannot claim a charitable contribution deduction. Treat the inventory's cost as you would ordinarily treat it under your method of accounting. For example, include the purchase price of inventory bought and donated in the same year in the cost of goods sold for that year.

Determining Fair Market Value

This section discusses general guidelines for determining the fair market value of various types of donated property. Publication 561 contains a more complete discussion.

Fair market value is the price at which property would change hands between a willing buyer and a willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.

Used clothing. The fair market value of used clothing and other personal items is usually far less than the price you paid for them. There are no fixed formulas or methods for finding the value of items of clothing.

You should claim as the value the price that buyers of used items actually pay in used clothing stores, such as consignment or thrift shops.

Household goods. The fair market value of used household goods, such as furniture, appliances, and linens, is usually much lower than the price paid when new. These items may have little or no market value because they are in a worn condition, out of style, or no longer useful. For these reasons, formulas (such as using a percentage of the cost to buy a new replacement item) are not acceptable in determining value.

You should support your valuation with photographs, canceled checks, receipts from your purchase of the items, or other evidence. Magazine or newspaper articles and photographs that describe the items and statements by the recipients of the items are also useful. Do not include any of this evidence with your tax return.

If the property is valuable because it is old or unique, see the discussion under *Paintings, Antiques, and Other Objects of Art* in Publication 561.

Cars, boats, and aircraft. If you contribute a car, boat, or aircraft to a charitable organization, you must determine its fair market value.

Certain commercial firms and trade organizations publish used car pricing guides, commonly called "blue books," containing complete dealer sale prices or dealer average prices for recent model years. The guides may be published monthly or seasonally, and for different regions of the country. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices are not "official" and these publications are not considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available from public libraries, or from the loan officer at a

bank, credit union, or finance company. You can also find used car pricing information on the Internet.

Except for inexpensive small boats, the valuation of boats should be based on an appraisal by a marine surveyor because the physical condition is critical to the value.

Example. You donate your car to a local high school for use by students studying automobile repair. Your credit union told you that the "blue book" value of the car is \$1,600. However, your car needs extensive repairs and, after some checking, you find that you could sell it for \$750. You can deduct \$750, the **true** fair market value of the car, as a charitable contribution.

Large quantities. If you contribute a large number of the same item, fair market value is the price at which comparable numbers of the item are being sold.

Example. You purchase 500 bibles for \$1,000. The person who sells them to you says the retail value of these bibles is \$3,000. If you contribute the bibles to a qualified organization, you can claim a deduction only for the price at which similar numbers of the same bible are currently being sold. Your charitable contribution is \$1,000, unless you can show that similar numbers of that bible were selling at a different price at the time of the contribution.

Giving Property That Has Decreased in Value

If you contribute property with a fair market value that is less than your basis in it, your deduction is limited to its fair market value. You cannot claim a deduction for the difference between the property's basis and its fair market value.

Your **basis** in property is generally what you paid for it. If you need more information about basis, get Publication 551, *Basis of Assets*. You may want to get Publication 551 if you contribute property that you:

- Received as a gift or inheritance,
- Used in a trade, business, or activity conducted for profit, or
- Claimed a casualty loss deduction for.

Common examples of property that decreases in value include clothing, furniture, appliances, and cars.

Giving Property That Has Increased in Value

If you contribute property with a fair market value that is more than your basis in it, you may have to **reduce the fair market value** by the amount of appreciation (increase in value) when you figure your deduction.

Your basis in property is generally what you paid for it. If you need more information about basis, get Publication 551.

Different rules apply to figuring your deduction, depending on whether the property is:

- 1) Ordinary income property, or
- 2) Capital gain property.

Ordinary Income Property

Property is ordinary income property if its sale at fair market value on the date it was contributed would have resulted in ordinary income or in short-term capital gain. Examples of ordinary income property are inventory, works of art created by the donor, manuscripts prepared by the donor, and capital assets (defined later, under *Capital Gain Property*) held 1 year or less.

Property used in a trade or business. Property used in a trade or business is considered ordinary income property to the extent of any gain that would have been treated as ordinary income because of depreciation had the property been sold at its fair market value at the time of contribution. See chapter 3 of Publication 544, *Sales and Other Dispositions of Assets*, for the kinds of property to which this rule applies.

Amount of deduction. The amount you can deduct for a contribution of ordinary income property is its fair market value **less** the amount that would be ordinary income or short-term capital gain if you sold the property for its fair market value. Generally, this rule limits the deduction to your basis in the property.

Example. You donate stock that you held for 5 months to your church. The fair market value of the stock on the day you donate it is \$1,000, but you paid only \$800 (your basis). Because the \$200 of appreciation would be short-term capital gain if you sold the stock, your deduction is limited to \$800 (fair market value less the appreciation).

Exception. Do not reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. See *Ordinary or capital gain income included in gross income* under *Capital Gain Property*, next, if you need more information.

Capital Gain Property

Property is capital gain property if its sale at fair market value on the date of the contribution would have resulted in long-term capital gain. Capital gain property includes capital assets held more than 1 year.

Capital assets. Capital assets include most items of property that you own and use for personal purposes or investment. Examples of capital assets are stocks, bonds, jewelry, coin or stamp collections, and cars or furniture used for personal purposes.

For purposes of figuring your charitable contribution, capital assets also include certain real property and depreciable property used in your trade or business and, generally, held more than 1 year. (You may have to treat this property as partly ordinary income property and partly capital gain property.)

Real property. Real property is land and generally anything that is built on, growing on, or attached to land.

Depreciable property. Depreciable property is property used in business or held for the production of income and for which a depreciation deduction is allowed.

For more information about what is a capital asset, see chapter 2 of Publication 544.

Amount of deduction – general rule. When figuring your deduction for a gift of capital gain property, you usually can use the **fair market value** of the gift.

Exceptions. However, in certain situations, you must **reduce the fair market value** by any amount that would have been long-term capital gain if you had sold the property for its fair market value. Generally, this means reducing the fair market value to the property's cost or other basis. You must do this **if**:

- 1) The property (other than qualified appreciated stock) is contributed to certain private nonoperating foundations,
- 2) The contributed property is tangible personal property that is put to an unrelated use by the charity, or
- 3) You choose the 50% limit instead of the 30% limit, discussed later.

Contributions to private nonoperating foundations. The reduced deduction applies to contributions to all private nonoperating foundations other than those qualifying for the 50% limit, discussed later.

However, the reduced deduction does not apply to contributions of qualified appreciated stock. Qualified appreciated stock is any stock in a corporation that is capital gain property and for which market quotations are readily available on an established securities market on the day of the contribution. But stock in a corporation does not count as qualified appreciated stock to the extent you and your family contributed more than 10% of the value of all the outstanding stock in the corporation.

Contributions of tangible personal property. The term tangible personal property means any property, other than land or buildings, that can be seen or touched. It includes furniture, books, jewelry, paintings, and cars.

The term **unrelated use** means a use that is unrelated to the exempt purpose or function of the charitable organization. For a governmental unit, it means the use of the contributed property for other than exclusively public purposes.

Example. If a painting contributed to an educational institution is used by that organization for educational purposes by being placed in its library for display and study by art students, the use is not an unrelated use. But if the painting is sold and the proceeds are used by the organization for educational purposes, the use is an unrelated use.

Ordinary or capital gain income included in gross income. You do not reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. This may happen when you transfer installment or discount obligations or when you assign income to a charitable organization. If you contribute an obligation received in a sale of property that is reported under the installment method, see Publication 537, *Installment Sales*.

Example. You donate an installment note to a qualified organization. The note has a fair

market value of \$10,000 and a basis to you of \$7,000. As a result of the donation, you have a short-term capital gain of \$3,000 (\$10,000 – \$7,000), which you include in your income for the year. Your charitable contribution is \$10,000.

Bargain Sales

A bargain sale of property to a qualified organization (a sale or exchange for less than the property's fair market value) is partly a charitable contribution and partly a sale or exchange.

Part that is a sale or exchange. The part of the bargain sale that is a sale or exchange may result in a taxable gain. For more information on determining the amount of any taxable gain, see *Bargain sales to charity* in chapter 1 of Publication 544.

Part that is a charitable contribution. Figure the amount of your charitable contribution in three steps.

Step 1. Subtract the amount you received for the property from the property's fair market value at the time of sale. This gives you the fair market value of the contributed part.

Step 2. Find the adjusted basis of the contributed part. It equals:

$$\text{Adjusted basis of entire property} \times \frac{\text{Fair market value of contributed part}}{\text{Fair market value of entire property}}$$

Step 3. Determine whether the amount of your charitable contribution is the fair market value of the contributed part (which you found in *Step 1*) or the adjusted basis of the contributed part (which you found in *Step 2*). Generally, if the property sold was capital gain property, your charitable contribution is the fair market value of the contributed part. If it was ordinary income property, your charitable contribution is the adjusted basis of the contributed part. See the ordinary income property and capital gain property rules (discussed earlier) for more information.

Example. You sell ordinary income property with a fair market value of \$10,000 to a church for \$2,000. Your basis is \$4,000 and your adjusted gross income is \$20,000. You make no other contributions during the year. The fair market value of the contributed part of the property is \$8,000 (\$10,000 – \$2,000). The adjusted basis of the contributed part is \$3,200 (\$4,000 × (\$8,000 ÷ \$10,000)). Because the property is ordinary income property, your charitable contribution deduction is limited to the adjusted basis of the contributed part. You can deduct \$3,200.

Penalty

You may be liable for a penalty if you overstate the value or adjusted basis of donated property.

20% penalty. The penalty is 20% of the amount by which you underpaid your tax because of the overstatement, if:

- 1) The value or adjusted basis claimed on your return is 200% or more of the correct amount, and
- 2) You underpaid your tax by more than \$5,000 because of the overstatement.

40% penalty. The penalty is 40%, rather than 20%, if:

- 1) The value or adjusted basis claimed on your return is 400% or more of the correct amount, and
- 2) You underpaid your tax by more than \$5,000 because of the overstatement.

When To Deduct

You can deduct your contributions only in the year you actually make them in cash or other property (or in a succeeding carryover year, as explained under *How To Figure Your Deduction When Limits Apply*, later). This applies whether you use the cash or an accrual method of accounting.

Time of making contribution. Usually, you make a contribution at the time of its unconditional delivery.

Checks. A check that you mail to a charity is considered delivered on the date you mail it.

Credit card. Contributions charged on your bank credit card are deductible in the year you make the charge.

Pay-by-phone account. If you use a pay-by-phone account, the date you make a contribution is the date the financial institution pays the amount. This date should be shown on the statement the financial institution sends to you.

Stock certificate. The gift to a charity of a properly endorsed stock certificate is completed on the date of mailing or other delivery to the charity or to the charity's agent. However, if you give a stock certificate to your agent or to the issuing corporation for transfer to the name of the charity, your gift is not completed until the date the stock is transferred on the books of the corporation.

Promissory note. If you issue and deliver a promissory note to a charitable organization as a contribution, it is not a contribution until you make the note payments.

Option. If you grant an option to buy real property at a bargain price to a charitable organization, you cannot take a deduction until the organization exercises the option.

Borrowed funds. If you make a contribution with borrowed funds, you can deduct the contribution in the year you make it, regardless of when you repay the loan.

Conditional gift. If your contribution is a conditional gift that depends on a future act or event that may not take place, you cannot take a deduction. But if there is only a negligible chance that the act or event will not take place, you can take a deduction.

If your contribution would be undone by a later act or event, you cannot take a deduction. But if there is only a negligible chance the act or event will take place, you can take a deduction.

Example 1. You donate cash to a local school board, which is a political subdivision of a state, to help build a school gym. The school board will refund the money to you if it does not collect enough to build the gym. You cannot deduct your gift as a charitable contribution until there is no chance of a refund.

Example 2. You donate land to a city for as long as the city uses it for a public park. The city does plan to use the land for a park, and there is no chance (or only a negligible chance) of the land being used for any different purpose. You can deduct your charitable contribution.

Limits on Deductions

If your total contributions for the year are 20% or less of your adjusted gross income, you do not need to read this section. The limits discussed here do not apply to you.

The amount of your deduction is limited to **50%** of your adjusted gross income, and may be limited to **30%** or **20%** of your adjusted gross income, depending on the type of property you give and the type of organization you give it to. These limits are described below.

If your contributions are more than any of the limits that apply, see *Carryovers* under *How To Figure Your Deduction When Limits Apply*, later.

Out-of-pocket expenses. Amounts you spend performing services for a charitable organization, which qualify as charitable contributions, are subject to the limit of the organization. For example, the 50% limit applies to amounts you spend on behalf of a church, a 50% limit organization. These amounts are considered a contribution **to** a qualified organization.

50% Limit

The 50% limit applies to the total of all charitable contributions you make during the year. This means that your deduction for charitable contributions cannot be more than 50% of your adjusted gross income for the year.

Only limit for 50% organizations. The 50% limit is the only limit that applies to gifts **to** organizations listed below under *50% Limit Organizations*. But there is one exception.

Exception. A 30% limit also applies to these gifts if they are gifts of capital gain property for which you figure your deduction using fair market value without reduction for appreciation. (See *Special 30% Limit for Capital Gain Property*, later.)

50% Limit Organizations

You can ask any organization whether it is a 50% limit organization, and most will be able to tell you. Or you may check IRS Publication 78 (described earlier).

Only the following types of organizations are 50% limit organizations.

- 1) Churches, and conventions or associations of churches.
- 2) Educational organizations with a regular faculty and curriculum that normally have a regularly enrolled student body attending classes on site.
- 3) Hospitals and certain medical research organizations associated with these hospitals.
- 4) Organizations that are operated only to receive, hold, invest, and administer property and to make expenditures to or for the benefit of state and municipal colleges and universities and that normally receive substantial support from the United States or any state or their political subdivisions, or from the general public.
- 5) The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions.
- 6) Corporations, trusts, or community chests, funds, or foundations organized and operated only for charitable, religious, educational, scientific, or literary purposes, or to prevent cruelty to children or animals, or to foster certain national or international amateur sports competition. These organizations must be "publicly supported," which means they normally must receive a substantial part of their support, other than income from their exempt activities, from direct or indirect contributions from the general public or from governmental units.
- 7) Organizations that may not qualify as "publicly supported" under (6) but that meet other tests showing they respond to the needs of the general public, not a limited number of donors or other persons. They must normally receive more than one-third of their support either from organizations described in (1) through (6), or from persons other than "disqualified persons."
- 8) Most organizations operated or controlled by, and operated for the benefit of, those organizations described in (1) through (7).
- 9) Private operating foundations.
- 10) Private nonoperating foundations that make qualifying distributions of 100% of contributions within 2½ months following the year they receive the contribution. A deduction for charitable contributions to any of these private nonoperating foundations must be supported by evidence from the foundation confirming that it made the qualifying distributions timely. Attach a copy of this supporting data to your tax return.
- 11) A private foundation whose contributions are pooled into a common fund, if the foundation would be described in (8) above but for the right of substantial contributors to name the public charities that receive contributions from the fund. The foundation must distribute the common

fund's income within 2½ months following the tax year in which it was realized and must distribute the corpus not later than 1 year after the donor's death (or after the death of the donor's surviving spouse if the spouse can name the recipients of the corpus).

30% Limit

A 30% limit applies to the following gifts.

- Gifts to all qualified organizations other than 50% limit organizations. This includes gifts to veterans' organizations, fraternal societies, nonprofit cemeteries, and certain private nonoperating foundations.
- Gifts **for the use of** any organization.

However, if these gifts are of capital gain property, they are subject to the 20% limit, described later, rather than the 30% limit.

Student living with you. Amounts you spend on behalf of a student living with you are subject to the 30% limit. These amounts are considered a contribution **for the use of** a qualified organization.

Special 30% Limit for Capital Gain Property

A special 30% limit applies to gifts of capital gain property to 50% limit organizations. (For gifts of capital gain property to other organizations, see *20% Limit*, next.) However, the special 30% limit does not apply when you choose to reduce the fair market value of the property by the amount that would have been long-term capital gain if you had sold the property. Instead, only the 50% limit applies. See *Capital Gain Property*, earlier, and *Capital gain property election* under *How To Figure Your Deduction When Limits Apply*, later.

Two separate 30% limits. This special 30% limit for capital gain property is separate from the other 30% limit. Therefore, the deduction of a contribution subject to one 30% limit does not reduce the amount you can deduct for contributions subject to the other 30% limit. However, the total you deduct cannot be more than 50% of your adjusted gross income.

Example. Your adjusted gross income is \$50,000. During the year, you gave capital gain property with a fair market value of \$15,000 to a 50% limit organization. You do not choose to reduce the property's fair market value by its appreciation in value. You also gave \$10,000 cash to a qualified organization that is not a 50% limit organization. The \$15,000 gift of property is subject to the special 30% limit. The \$10,000 cash gift is subject to the other 30% limit. Both gifts are fully deductible because neither is more than the 30% limit that applies (\$15,000 in each case) and together they are not more than the 50% limit (\$25,000).

20% Limit

The 20% limit applies to all gifts of capital gain property to or for the use of qualified organizations (other than gifts of capital gain property to 50% limit organizations).

How To Figure Your Deduction When Limits Apply

If your contributions are subject to more than one of the limits just discussed, you can deduct them as follows.

- 1) Contributions subject only to the **50% limit**, up to 50% of your adjusted gross income.
- 2) Contributions subject to the **30% limit**, up to the **lesser** of:
 - a) 30% of adjusted gross income, or
 - b) 50% of adjusted gross income **minus** your contributions to 50% limit organizations, **including** contributions of capital gain property subject to the special 30% limit.
- 3) Contributions of **capital gain property** subject to the **special 30% limit**, up to the **lesser** of:
 - a) 30% of adjusted gross income, or
 - b) 50% of adjusted gross income **minus** your other contributions to 50% limit organizations.
- 4) Contributions subject to the **20% limit**, up to the **lesser** of:
 - a) 20% of adjusted gross income,
 - b) 30% of adjusted gross income **minus** your contributions subject to the 30% limit,
 - c) 30% of adjusted gross income **minus** your contributions of capital gain property subject to the special 30% limit, or
 - d) 50% of adjusted gross income **minus** the total of your contributions to 50% limit organizations and your contributions subject to the 30% limit.

If more than one of the limits described above limit your deduction for charitable contributions, you may want to use the worksheet in *Table 4* on page 17 to figure your deduction and your carryover.

Example. Your adjusted gross income is \$50,000. During the year, you gave your church \$2,000 cash and land with a fair market value of \$28,000 and a basis of \$22,000. You held the land for investment purposes. You do not choose to reduce the fair market value of the land by the appreciation in value. You also gave \$5,000 cash to a private foundation to which the 30% limit applies.

The \$2,000 cash donated to the church is considered first and is fully deductible. Your contribution to the private foundation is considered next. Because your contributions to 50% limit organizations (\$2,000 + \$28,000) are more than \$25,000 (50% of \$50,000), your contribution to the private foundation is not deductible for the year. It can be carried over to later years. See *Carryovers*, later. The gift of land is considered next. Your deduction for the land is limited to \$15,000 (30% × \$50,000). The unused part of the gift of land (\$13,000) can be carried over.



Table 3. Filled-In Worksheet for Limit on Deductions

Who can use this worksheet. You can use this worksheet if you made charitable contributions during the year, and one or more of the limits described in this publication under *Limits on Deductions* apply to you. You cannot use this worksheet if you have a carryover of a charitable contribution from an earlier year.

General instructions:

- The terms used in this worksheet are explained earlier in this publication.
- If your answer to any line is less than zero, enter zero.
- For contributions of property, enter the property's fair market value unless you elected (or were required) to reduce the fair market value as explained under *Giving Property That Has Increased in Value*. In that case, enter the reduced amount.

Step 1. List your charitable contributions made during the year.

1. Enter your contributions to 50% limit organizations. (Include contributions of capital gain property if you reduced the property's fair market value. Do not include contributions of capital gain property deducted at fair market value.)	1	2,000
2. Enter your contributions to 50% limit organizations of capital gain property deducted at fair market value	2	28,000
3. Enter your contributions (other than of capital gain property) to qualified organizations that are not 50% limit organizations	3	5,000
4. Enter your contributions "for the use of" any qualified organization. (But do not enter here any amount that must be entered on line 6.)	4	-0-
5. Add lines 3 and 4	5	5,000
6. Enter your contributions of capital gain property to or for the use of any qualified organization. (But do not enter here any amount entered on line 1 or 2.)	6	-0-

Step 2. Figure your deduction for the year and your carryover to the next year.

7. Enter your adjusted gross income	7	50,000
8. Multiply line 7 by 0.5. This is your 50% limit	8	25,000

Contributions to 50% limit organizations

9. Enter the smaller of line 1 or line 8.	9	2,000	Deduct this year	Carryover to next year
10. Subtract line 9 from line 1	10			-0-
11. Subtract line 9 from line 8	11	23,000		

Contributions not to 50% limit organizations

12. Add lines 1 and 2	12	30,000		
13. Multiply line 7 by 0.3. This is your 30% limit	13	15,000		
14. Subtract line 12 from line 8	14	-0-		
15. Enter the smallest of line 5, 13, or 14	15	-0-	-0-	
16. Subtract line 15 from line 5	16			5,000
17. Subtract line 15 from line 13	17	15,000		

Contributions of capital gain property to 50% limit organizations

18. Enter the smallest of line 2, 11, or 13	18	15,000		
19. Subtract line 18 from line 2	19			13,000
20. Subtract line 15 from line 14	20	-0-		
21. Subtract line 18 from line 13	21	-0-		

Contributions of capital gain property not to 50% limit organizations

22. Multiply line 7 by 0.2. This is your 20% limit	22	10,000		
23. Enter the smallest of line 6, 17, 20, 21, or 22	23		-0-	
24. Subtract line 23 from line 6	24			-0-

Step 3. Summarize your deductions and carryovers.

25. Add lines 9, 15, 18, and 23. Enter the total here and on Schedule A (Form 1040)	25	17,000	
26. Add lines 10, 16, 19, and 24. Enter the total here. Carry it forward to Schedule A next year	26		18,000

For this year, your deduction is limited to \$17,000 (\$2,000 + \$15,000).

A *Filled-In Worksheet for Limit on Deductions* in Table 3 on page 11 shows this computation in detail.

Capital gain property election. You may choose the 50% limit for gifts of capital gain property to 50% limit organizations instead of the 30% limit that would otherwise apply. If you make this choice, you must reduce the fair market value of the property contributed by the appreciation in value that would have been long-term capital gain if the property had been sold.

This choice applies to all capital gain property contributed to 50% limit organizations during a tax year. It also applies to carryovers of this kind of contribution from an earlier tax year. For details, see *Carryover of capital gain property*, later.

You must make the choice on your original return or on an amended return filed by the due date for filing the original return.

Example. In the previous example, if you choose to have the 50% limit apply to the land (the 30% capital gain property) given to your church, you must reduce the fair market value of the property by the appreciation in value. Therefore, the amount of your charitable contribution for the land would be its basis to you of \$22,000. You add this amount to the \$2,000 cash contributed to the church. You can now deduct \$1,000 of the amount donated to the private foundation because your contributions to 50% limit organizations (\$2,000 + \$22,000) are \$1,000 less than the 50%-of-adjusted-gross-income limit. Your total deduction for the year is \$25,000 (\$2,000 cash to your church, \$22,000 for property donated to your church, and \$1,000 cash to the private foundation). You can carry over to later years the part of your contribution to the private foundation that you could not deduct (\$4,000).

Carryovers

You can carry over your contributions that you are not able to deduct in the current year because they exceed your adjusted-gross-income limits. You can deduct the excess in each of the next 5 years until it is used up, but not beyond that time. Your total contributions deduction for the year to which you carry your contributions cannot exceed 50% of your adjusted gross income for that year.

Contributions you carry over are subject to the same percentage limits in the year to which they are carried. For example, contributions subject to the 20% limit in the year in which they are made are 20% limit contributions in the year to which they are carried.

For each category of contributions, you deduct carryover contributions only after deducting all allowable contributions in that category for the current year. If you have carryovers from 2 or more prior years, use the carryover from the earlier year first.

Note. A carryover of a contribution to a 50% limit organization must be used before contributions in the current year to organizations other than 50% limit organizations. See *Example 2* on this page.

Example 1. Last year, you contributed \$11,000 to a 50% limit organization, but because of the limit you deducted only \$10,000 and carried over \$1,000 to this year. This year, your adjusted gross income is \$20,000 and you contribute \$9,500 to a 50% limit organization. You can deduct \$10,000 (50% of \$20,000) this year. Consequently, in addition to your contribution of \$9,500 for this year, you can deduct \$500 of your carryover contribution from last year. You can carry over the \$500 balance of your carryover from last year to next year.

Example 2. This year, your adjusted gross income is \$24,000. You make cash contributions of \$6,000 to which the 50% limit applies and \$3,000 to which the 30% limit applies. You have a contribution carryover from last year of \$5,000 for capital gain property contributed to a 50% limit organization and subject to the special 30% limit for contributions of capital gain property.

Your contribution deduction for this year is limited to \$12,000 (50% of \$24,000). Your 50% limit cash contributions of \$6,000 are fully deductible.

The deduction for your 30% limit contributions of \$3,000 is limited to \$1,000. This is the lesser of:

- 1) \$7,200 (30% of \$24,000), or
- 2) \$1,000 (\$12,000 minus \$11,000).

(The \$12,000 amount is 50% of \$24,000, your adjusted gross income. The \$11,000 amount is the sum of your current and carryover contributions to 50% limit organizations, \$6,000 + \$5,000.)

The deduction for your \$5,000 carryover is subject to the special 30% limit for contributions of capital gain property. This means it is limited to the smaller of:

- 1) \$7,200 (your 30% limit), or
- 2) \$6,000 (\$12,000, your 50% limit, minus \$6,000, the amount of your cash contributions to 50% limit organizations this year).

Since your \$5,000 carryover is less than both \$7,200 and \$6,000, you can deduct it in full.

Your deduction is \$12,000 (\$6,000 + \$1,000 + \$5,000). You carry over the \$2,000 balance of your 30% limit contributions for this year to next year.

Carryover of capital gain property. If you carry over contributions of capital gain property subject to the special 30% limit and you choose in the next year to use the 50% limit and take appreciation into account, you must refigure the carryover. You reduce the fair market value of the property by the appreciation and reduce that result by the amount actually deducted in the previous year.

Example. Last year, your adjusted gross income was \$50,000 and you contributed capital gain property valued at \$27,000 to a 50% limit organization and did not choose to use the 50% limit. Your basis in the property was \$20,000. Your deduction was limited to \$15,000 (30% of \$50,000), and you carried over \$12,000. This year, your adjusted gross income is \$60,000 and you contribute capital gain property valued at \$25,000 to a 50% limit organization. Your basis in the property is \$24,000 and you choose

to use the 50% limit. You must refigure your carryover as if you had taken appreciation into account last year as well as this year. Because the amount of your contribution last year would have been \$20,000 (the property's basis) instead of the \$15,000 you actually deducted, your refigured carryover is \$5,000 (\$20,000 – \$15,000). Your total deduction this year is \$29,000 (your \$24,000 current contribution plus your \$5,000 carryover).

Additional rules for carryovers. Special rules exist for computing carryovers if you:

- Were married in some years but not others,
- Had different spouses in different years,
- Change from a separate return to a joint return in a later year,
- Change from a joint return to a separate return in a later year,
- Had a net operating loss,
- Claim the standard deduction in a carryover year, or
- Become a widow or widower.

Because of their complexity and the limited number of taxpayers to whom these additional rules apply, they are not discussed in this publication. If you need to compute a carryover and you are in one of these situations, you may want to consult with a tax practitioner.

Records To Keep

You must keep records to prove the amount of the cash and noncash contributions you make during the year. The kind of records you must keep depends on the amount of your contributions and whether they are cash or noncash contributions.

Note. An organization generally must give you a written statement if it receives a payment from you that is more than \$75 and is partly a contribution and partly for goods or services. (See *Contributions From Which You Benefit under Contributions You Can Deduct*, earlier.) Keep the statement for your records. It may satisfy all or part of the recordkeeping requirements explained in the following discussions.

Cash Contributions

Cash contributions include those paid by cash, check, credit card, or payroll deduction. They also include your out-of-pocket expenses when donating your services.

For a contribution made in cash, the records you must keep depend on whether the contribution is:

- 1) Less than \$250, or
- 2) \$250 or more.

Amount of contribution. In figuring whether your contribution is \$250 or more, do not combine separate contributions. For example, if you gave your church \$25 each week, your weekly

payments do not have to be combined. Each payment is a separate contribution.

If contributions are made by payroll deduction, the deduction from each paycheck is treated as a separate contribution.

If you made a payment that is partly for goods and services, as described earlier under *Contributions From Which You Benefit*, your contribution is the amount of the payment that is more than the value of the goods and services.

Contributions of Less Than \$250

For each cash contribution that is less than \$250, you must keep one of the following.

- 1) A canceled check, **or** a legible and readable account statement that shows:
 - a) If payment was by check — the check number, amount, date posted, and to whom paid,
 - b) If payment was by electronic funds transfer — the amount, date posted, and to whom paid, or
 - c) If payment was charged to a credit card — the amount, transaction date, and to whom paid.
- 2) A receipt (or a letter or other written communication) from the charitable organization showing the name of the organization, the date of the contribution, and the amount of the contribution.
- 3) Other reliable written records that include the information described in (2). Records may be considered reliable if they were made at or near the time of the contribution, were regularly kept by you, or if, in the case of small donations, you have buttons, emblems, or other tokens, that are regularly given to persons making small cash contributions.

Car expenses. If you claim expenses directly related to use of your car in giving services to a qualified organization, you must keep reliable written records of your expenses. Whether your records are considered reliable depends on all the facts and circumstances. Generally, they may be considered reliable if you made them regularly and at or near the time you had the expenses.

Your records must show the name of the organization you were serving and the date each time you used your car for a charitable purpose. If you use the standard mileage rate, your records must show the miles you drove your car for the charitable purpose. If you deduct your actual expenses, your records must show the costs of operating the car that are directly related to a charitable purpose.

See *Car expenses* under *Out-of-Pocket Expenses in Giving Services*, earlier, for the expenses you can deduct.

Contributions of \$250 or More

You can claim a deduction for a contribution of \$250 or more only if you have an acknowledgement of your contribution from the qualified organization or certain payroll deduction records.

If you made more than one contribution of \$250 or more, you must have either a separate acknowledgement for each or one acknowledgement that shows your total contributions.

Acknowledgement. The acknowledgement must meet these tests.

- 1) It must be written.
- 2) It must include:
 - a) The amount of cash you contributed,
 - b) Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits), and
 - c) A description and good faith estimate of the value of any goods or services described in (b). If the only benefit you received was an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in a commercial transaction outside the donative context, the acknowledgement must say so and does not need to describe or estimate the value of the benefit.
- 3) You must get it on or before the earlier of:
 - a) The date you file your return for the year you make the contribution, or
 - b) The due date, including extensions, for filing the return.

Payroll deductions. If you make a contribution by payroll deduction, you do not need an acknowledgement from the qualified organization. But if your employer deducted \$250 or more from a single paycheck, you must keep:

- 1) A pay stub, Form W-2, or other document furnished by your employer that proves the amount withheld, and
- 2) A pledge card or other document from the qualified organization that states the organization does not provide goods or services in return for any contribution made to it by payroll deduction.

Out-of-pocket expenses. If you render services to a qualified organization and have unreimbursed out-of-pocket expenses related to those services, you can satisfy the written acknowledgement requirement just discussed if:

- 1) You have adequate records to prove the amount of the expenses, and
- 2) By the required date, you get an acknowledgement from the qualified organization that contains:
 - a) A description of the services you provided,
 - b) A statement of whether or not the organization provided you any goods or services to reimburse you for the expenses you incurred,
 - c) A description and a good faith estimate of the value of any goods or services

(other than intangible religious benefits) provided to reimburse you, and

- d) A statement of any intangible religious benefits provided to you.

Noncash Contributions

For a contribution not made in cash, the records you must keep depend on whether your deduction for the contribution is:

- 1) Less than \$250,
- 2) At least \$250 but not more than \$500,
- 3) Over \$500 but not more than \$5,000, or
- 4) Over \$5,000.

Amount of contribution. In figuring whether your contribution is \$250 or more, do not combine separate contributions. If you got goods or services in return, as described earlier in *Contributions From Which You Benefit*, reduce your contribution by the value of those goods or services. If you figure your deduction by reducing the fair market value of the donated property by its appreciation, as described earlier in *Giving Property That Has Increased in Value*, your contribution is the reduced amount.

Deductions of Less Than \$250

If you make any noncash contribution, you must get and keep a receipt from the charitable organization showing:

- 1) The name of the charitable organization,
- 2) The date and location of the charitable contribution, and
- 3) A reasonably detailed description of the property.

A letter or other written communication from the charitable organization acknowledging receipt of the contribution and containing the information in (1), (2), and (3) will serve as a receipt.

You are not required to have a receipt where it is impractical to get one (for example, if you leave property at a charity's unattended drop site).

Additional records. You must also keep reliable written records for each item of donated property. Your written records must include the following information.

- 1) The name and address of the organization to which you contributed.
- 2) The date and location of the contribution.
- 3) A description of the property in detail reasonable under the circumstances. For a security, keep the name of the issuer, the type of security, and whether it is regularly traded on a stock exchange or in an over-the-counter market.
- 4) The fair market value of the property at the time of the contribution and how you figured the fair market value. If it was determined by appraisal, you should also keep a signed copy of the appraisal.
- 5) The cost or other basis of the property if you must reduce its fair market value by

appreciation. Your records should also include the amount of the reduction and how you figured it. If you choose the 50% limit instead of the special 30% limit on certain capital gain property (discussed under *Capital gain property election*, earlier), you must keep a record showing the years for which you made the choice, contributions for the current year to which the choice applies, and carryovers from preceding years to which the choice applies.

- 6) The amount you claim as a deduction for the tax year as a result of the contribution, if you contribute less than your entire interest in the property during the tax year. Your records must include the amount you claimed as a deduction in any earlier years for contributions of other interests in this property. They must also include the name and address of each organization to which you contributed the other interests, the place where any such tangible property is located or kept, and the name of any person in possession of the property, other than the organization to which you contributed.
- 7) The terms of any conditions attached to the gift of property.

Deductions of At Least \$250 But Not More Than \$500

If you claim a deduction of at least \$250 but not more than \$500 for a noncash charitable contribution, you must get and keep an acknowledgement of your contribution from the qualified organization. If you made more than one contribution of \$250 or more, you must have either a separate acknowledgement for each or one acknowledgement that shows your total contributions.

The acknowledgement must contain the information in items (1) through (3) listed under *Deductions of Less Than \$250*, earlier, and your written records must include the information listed in that discussion under *Additional records*.

The acknowledgement must also meet these tests.

- 1) It must be written.
- 2) It must include:
 - a) A description (but not necessarily the value) of any property you contributed,
 - b) Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits), and
 - c) A description and good faith estimate of the value of any goods or services described in (b). If the only benefit you received was an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in a commercial transaction outside the donative context, the acknowledgement must say so and does not need to describe or estimate the value of the benefit.

3) You must get it on or before the earlier of:

- a) The date you file your return for the year you make the contribution, or
- b) The due date, including extensions, for filing the return.

Deductions Over \$500 But Not Over \$5,000

If you claim a deduction over \$500 but not over \$5,000 for a noncash charitable contribution, you must have the acknowledgement and written records described under *Deductions of At Least \$250 But Not More Than \$500*. Your records must also include:

- 1) How you got the property, for example, by purchase, gift, bequest, inheritance, or exchange.
- 2) The approximate date you got the property or, if created, produced, or manufactured by or for you, the approximate date the property was substantially completed.
- 3) The cost or other basis, and any adjustments to the basis, of property held less than 12 months and, if available, the cost or other basis of property held 12 months or more. This requirement, however, does not apply to publicly traded securities.

If you are not able to provide information on either the date you got the property or the cost basis of the property and you have a reasonable cause for not being able to provide this information, attach a statement of explanation to your return.

Deductions Over \$5,000

If you claim a deduction of over \$5,000 for a charitable contribution of one property item or a group of similar property items, you must have the acknowledgement and the written records described under *Deductions Over \$500 But Not Over \$5,000*. In figuring whether your deduction is over \$5,000, combine your claimed deductions for all similar items donated to any charitable organization during the year.

Generally, you must also obtain a qualified written appraisal of the donated property from a qualified appraiser. See *Deductions of More Than \$5,000* in Publication 561 for more information.

Qualified conservation contribution. If the gift was a "qualified conservation contribution," your records must also include the fair market value of the underlying property before and after the gift and the conservation purpose furthered by the gift. See *Qualified conservation contribution* in Publication 561 for more information.

How To Report

Report your charitable contributions on Schedule A of Form 1040.

If you made noncash contributions, you may also be required to fill out parts of Form 8283. See *Noncash contributions*, later.

Reporting expenses for student living with you. If you claim amounts paid for a student who lives with you, as described earlier under *Expenses Paid for Student Living With You*, you must submit with your return:

- 1) A copy of your agreement with the organization sponsoring the student placed in your household,
- 2) A summary of the various items you paid to maintain the student, and
- 3) A statement that gives:
 - a) The date the student became a member of your household,
 - b) The dates of his or her full-time attendance at school, and
 - c) The name and location of the school.

Noncash contributions. If your *total* deduction for all noncash contributions for the year is **over \$500**, you must complete Section A of **Form 8283**, and attach it to your Form 1040. However, do not complete Section A for items you must report on Section B. See *Deduction over \$5,000 for one item*, next, for the items you must report on Section B.

The Internal Revenue Service can disallow your deduction for noncash charitable contributions if it is more than \$500 and you do not submit a required Form 8283 with your return.

Deduction over \$5,000 for one item. You must complete Section B of Form 8283 for each item or group of items for which you claim a deduction of over \$5,000. (However, if you contributed certain publicly traded securities, complete Section A instead.) In figuring whether your deduction is over \$5,000, combine the claimed deductions for all similar items donated to any charitable organization during the year. The organization that received the property must complete and sign Part IV of Section B.

Form 8282. If an organization, within 2 years after the date of receipt of a contribution of property for which it was required to sign a Form 8283, sells, exchanges, or otherwise disposes of the property, the organization must file an information return with the Internal Revenue Service on Form 8282, *Donee Information Return*, and send you a copy of the form. However, if you have informed the organization that the appraised value of the donated item, or a specific item within a group of similar items, is \$500 or less, the organization is not required to make a report on its sale of that item. For this purpose, all shares of nonpublicly traded stock or securities, or items that form a set, are considered to be one item.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate toll free at **1-877-777-4778**.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1-800-829-4059** if you are a TTY/TDD user.
- Visit the web site at **www.irs.gov/advocate**.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS*.

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.



Internet. You can access the IRS web site 24 hours a day, 7 days a week at **www.irs.gov** to:

- **E-file.** Access commercial tax preparation and *e-file* services available for free to eligible taxpayers.
- Check the amount of advance child tax credit payments.
- Check the status of your refund. Click on "Where's My Refund" and then on "Go Get My Refund Status." Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically) and have your tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products on-line.
- See answers to frequently asked tax questions.
- Search publications on-line by topic or keyword.

- Figure your withholding allowances using our Form W-4 calculator.
- Send us comments or request help by e-mail.
- Sign up to receive local and national tax news by e-mail.
- Get information on starting and operating a small business.

You can also reach us using File Transfer Protocol at **ftp.irs.gov**.



Fax. You can get over 100 of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call **703-368-9694** from your fax machine. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.

For help with transmission problems, call **703-487-4608**.

Long-distance charges may apply.



Phone. Many services are available by phone.

- **Ordering forms, instructions, and publications.** Call **1-800-829-3676** to order current-year forms, instructions, and publications and prior-year forms and instructions. You should receive your order within 10 days.
- **Asking tax questions.** Call the IRS with your tax questions at **1-800-829-1040**.
- **Solving problems.** You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to **www.irs.gov** or look in the phone book under "United States Government, Internal Revenue Service."
- **TTY/TDD equipment.** If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax or account questions or to order forms and publications.
- **TeleTax topics.** Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.
- **Refund information.** If you would like to check the status of your refund, call **1-800-829-4477** for automated refund information and follow the recorded instructions or call **1-800-829-1954**. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically) and have your tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality

of our telephone services. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



Walk-in. Many products and services are available on a walk-in basis.

- **Products.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD-ROM or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- **Services.** You can walk in to your local Taxpayer Assistance Center every business day to ask tax questions or get help with a tax problem. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. You can set up an appointment by calling your local Center and, at the prompt, leaving a message requesting Everyday Tax Solutions help. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to **www.irs.gov** or look in the phone book under "United States Government, Internal Revenue Service."



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Use the address that applies to your part of the country.

- **Western part of U.S.:**
Western Area Distribution Center
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:**
Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903
- **Eastern part of U.S. and foreign addresses:**
Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074



CD-ROM for tax products. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms and instructions.
- Frequently requested tax forms that may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

Buy the CD-ROM from National Technical Information Service (NTIS) on the Internet at www.irs.gov/cdorders for \$22 (no handling fee) or call **1-877-233-6767** toll free to buy the CD-ROM for \$22 (plus a \$5 handling fee). The first release is available in early January and the final release is available in late February.



CD-ROM for small businesses. IRS Publication 3207, *Small Business Resource Guide*, is a must for every small business owner or any taxpayer about to start a

business. This handy, interactive CD contains all the business tax forms, instructions and publications needed to successfully manage a business. In addition, the CD provides an abundance of other helpful information, such as how to prepare a business plan, finding financing for your business, and much more. The design of the CD makes finding information easy

and quick and incorporates file formats and browsers that can be run on virtually any desktop or laptop computer.

It is generally available in April. You can get a free copy by calling **1-800-829-3676** or by visiting the web site at www.irs.gov/smallbiz.



Table 4. **Worksheet for Limit on Deductions**

Who can use this worksheet. You can use this worksheet if you made charitable contributions during the year, and one or more of the limits described in this publication under *Limits on Deductions* apply to you. You cannot use this worksheet if you have a carryover of a charitable contribution from an earlier year.

General instructions:

- The terms used in this worksheet are explained earlier in this publication.
- If your answer to any line is less than zero, enter zero.
- For contributions of property, enter the property's fair market value unless you elected (or were required) to reduce the fair market value as explained under *Giving Property That Has Increased in Value*. In that case, enter the reduced amount.

Step 1. List your charitable contributions made during the year.

1. Enter your contributions to 50% limit organizations. (Include contributions of capital gain property if you reduced the property's fair market value. Do not include contributions of capital gain property deducted at fair market value.)	1	
2. Enter your contributions to 50% limit organizations of capital gain property deducted at fair market value	2	
3. Enter your contributions (other than of capital gain property) to qualified organizations that are not 50% limit organizations	3	
4. Enter your contributions "for the use of" any qualified organization. (But do not enter here any amount that must be entered on line 6.)	4	
5. Add lines 3 and 4.	5	
6. Enter your contributions of capital gain property to or for the use of any qualified organization. (But do not enter here any amount entered on line 1 or 2.)	6	

Step 2. Figure your deduction for the year and your carryover to the next year.

7. Enter your adjusted gross income	7		
8. Multiply line 7 by 0.5. This is your 50% limit	8		
		Deduct this year	Carryover to next year
Contributions to 50% limit organizations			
9. Enter the smaller of line 1 or line 8.	9		
10. Subtract line 9 from line 1	10		
11. Subtract line 9 from line 8	11		
Contributions not to 50% limit organizations			
12. Add lines 1 and 2	12		
13. Multiply line 7 by 0.3. This is your 30% limit	13		
14. Subtract line 12 from line 8	14		
15. Enter the smallest of line 5, 13, or 14	15		
16. Subtract line 15 from line 5	16		
17. Subtract line 15 from line 13	17		
Contributions of capital gain property to 50% limit organizations			
18. Enter the smallest of line 2, 11, or 13	18		
19. Subtract line 18 from line 2	19		
20. Subtract line 15 from line 14	20		
21. Subtract line 18 from line 13	21		
Contributions of capital gain property not to 50% limit organizations			
22. Multiply line 7 by 0.2. This is your 20% limit	22		
23. Enter the smallest of line 6, 17, 20, 21, or 22	23		
24. Subtract line 23 from line 6	24		

Step 3. Summarize your deductions and carryovers.

25. Add lines 9, 15, 18, and 23. Enter the total here and on Schedule A (Form 1040)	25	
26. Add lines 10, 16, 19, and 24. Enter the total here. Carry it forward to Schedule A next year	26	



To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

A		
Acknowledgement	13	
Adoption expenses	6	
Appraisal fees	6	
Assistance (<i>See Tax help</i>)		
Athletic events	3	
B		
Bar association	6	
Bargain sales	9	
Benefits received from contribution	3, 6	
Blood donated	6	
Boats, fair market value	7	
C		
Capital gain property	8	
Car expenses	4, 13	
Carryovers	12	
Cars, fair market value	7	
Cash contributions, records to keep	12	
Charitable contribution, defined	1	
Charity benefit events	3	
Church deacon	4	
Clothing, fair market value of	7	
Comments on publication	1	
Contributions from which you benefit	3, 6	
Contributions of property	6	
Conventions	4	
D		
Deduction limits	9	
F		
Fair market value	7	
Foreign organizations:		
Canadian	3	
Israeli	3	
Mexican	3	
Other	6	
Form:		
8282	14	
8283	14	
Foster parents	4	
Free tax services	15	
Future interests in property	7	
H		
Help (<i>See Tax help</i>)		
Household goods, fair market value of	7	
How to report:		
Noncash contributions	14	
Student living with you	14	
I		
Inventory	7	
L		
Legislation, influencing	6	
Limits on deductions	9	
M		
Meals	6	
Membership fees or dues	3	
More information (<i>See Tax help</i>)		
N		
Noncash contributions:		
How to report	14	
Records to keep	13	
Nondeductible contributions	5	
Nonqualified organizations		
6		
O		
Ordinary income property	8	
Organizations:		
Foreign	6	
Nonqualified	6	
Qualified	2	
Out-of-pocket expenses	4, 9	
P		
Partial interests in property	7	
Penalty, valuation overstatement	9	
Property:		
Bargain sales	9	
Basis	8	
Capital gain	8	
Capital gain election	12	
Contributions of	6	
Decreased in value	8	
Fair market value	7	
Future interests	7	
Increased in value	8	
Inventory	7	
Ordinary income	8	
Partial interests	7	
Right to use	7	
Subject to debt	7	
Unrelated use	8	
Publication 78	2	
Publications (<i>See Tax help</i>)		
Q		
Qualified organizations	2	
R		
Raffle or bingo	6	
Records to keep		
12		
Reporting		
14		
Retirement home		
6		
Right to use property		
7		
S		
Services, value of	6	
Split-dollar insurance arrangements	6	
Student:		
Exchange program	4	
Living with you	4, 10	
Suggestions for publication		
1		
T		
Tax help	15	
Taxpayer Advocate	15	
Time, value of	6	
Token items	4	
Travel expenses	5	
TTY/TDD information	15	
Tuition	6	
U		
Underprivileged youths	4	
Uniforms	4	
Use of property donated	7	
V		
Volunteers	4	
W		
When to deduct	9	

Tax Publications for Individual Taxpayers

See *How To Get Tax Help* for a variety of ways to get publications, including by computer, phone, and mail.

General Guides

- 1 Your Rights as a Taxpayer
- 17 Your Federal Income Tax (For Individuals)
- 334 Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)
- 509 Tax Calendars for 2004
- 553 Highlights of 2003 Tax Changes
- 910 Guide to Free Tax Services

Specialized Publications

- 3 Armed Forces' Tax Guide
- 54 Tax Guide for U.S. Citizens and Residents Aliens Abroad
- 225 Farmer's Tax Guide
- 378 Fuel Tax Credits and Refunds
- 463 Travel, Entertainment, Gift, and Car Expenses
- 501 Exemptions, Standard Deduction, and Filing Information
- 502 Medical and Dental Expenses (Including the Health Coverage Tax Credit)
- 503 Child and Dependent Care Expenses
- 504 Divorced or Separated Individuals
- 505 Tax Withholding and Estimated Tax
- 514 Foreign Tax Credit for Individuals
- 516 U.S. Government Civilian Employees Stationed Abroad
- 517 Social Security and Other Information for Members of the Clergy and Religious Workers
- 519 U.S. Tax Guide for Aliens
- 521 Moving Expenses
- 523 Selling Your Home
- 524 Credit for the Elderly or the Disabled
- 525 Taxable and Nontaxable Income
- 526 Charitable Contributions
- 527 Residential Rental Property
- 529 Miscellaneous Deductions
- 530 Tax Information for First-Time Homeowners

- 531 Reporting Tip Income
- 533 Self-Employment Tax
- 536 Net Operating Losses (NOLs) for Individuals, Estates, and Trusts
- 537 Installment Sales
- 541 Partnerships
- 544 Sales and Other Dispositions of Assets
- 547 Casualties, Disasters, and Thefts
- 550 Investment Income and Expenses
- 551 Basis of Assets
- 552 Recordkeeping for Individuals
- 554 Older Americans' Tax Guide
- 555 Community Property
- 556 Examination of Returns, Appeal Rights, and Claims for Refund
- 559 Survivors, Executors, and Administrators
- 561 Determining the Value of Donated Property
- 564 Mutual Fund Distributions
- 570 Tax Guide for Individuals With Income From U.S. Possessions
- 571 Tax-Sheltered Annuity Plans (403(b) Plans)
- 575 Pension and Annuity Income
- 584 Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
- 587 Business Use of Your Home (Including Use by Daycare Providers)
- 590 Individual Retirement Arrangements (IRAs)
- 593 Tax Highlights for U.S. Citizens and Residents Going Abroad
- 594 What You Should Know About the IRS Collection Process
- 595 Tax Highlights for Commercial Fishermen
- 596 Earned Income Credit (EIC)
- 721 Tax Guide to U.S. Civil Service Retirement Benefits
- 901 U.S. Tax Treaties

- 907 Tax Highlights for Persons with Disabilities
- 908 Bankruptcy Tax Guide
- 911 Direct Sellers
- 915 Social Security and Equivalent Railroad Retirement Benefits
- 919 How Do I Adjust My Tax Withholding?
- 925 Passive Activity and At-Risk Rules
- 926 Household Employer's Tax Guide
- 929 Tax Rules for Children and Dependents
- 936 Home Mortgage Interest Deduction
- 946 How To Depreciate Property
- 947 Practice Before the IRS and Power of Attorney
- 950 Introduction to Estate and Gift Taxes
- 967 The IRS Will Figure Your Tax
- 968 Tax Benefits for Adoption
- 969 Medical Savings Accounts (MSAs)
- 970 Tax Benefits for Education
- 971 Innocent Spouse Relief
- 972 Child Tax Credit
- 1542 Per Diem Rates
- 1544 Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)
- 1546 The Taxpayer Advocate Service of the IRS

Spanish Language Publications

- 1SP Derechos del Contribuyente
- 579SP Cómo Preparar la Declaración de Impuesto Federal
- 594SP Comprendiendo el Proceso de Cobro Crédito por Ingreso del Trabajo
- 596SP English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
- 1544SP Informe de Pagos en Efectivo en Exceso de \$10,000 (Recibidos en una Ocupación o Negocio)

Commonly Used Tax Forms

See *How To Get Tax Help* for a variety of ways to get forms, including by computer, fax, phone, and mail. For fax orders only, use the catalog number when ordering.

Form Number and Title	Catalog Number	Form Number and Title	Catalog Number
1040 U.S. Individual Income Tax Return	11320	2106 Employee Business Expenses	11700
Sch A&B Itemized Deductions & Interest and Ordinary Dividends	11330	2106-EZ Unreimbursed Employee Business Expenses	20604
Sch C Profit or Loss From Business	11334	2210 Underpayment of Estimated Tax by Individuals, Estates, and Trusts	11744
Sch C-EZ Net Profit From Business	14374	2441 Child and Dependent Care Expenses	11862
Sch D Capital Gains and Losses	11338	2848 Power of Attorney and Declaration of Representative	11980
Sch D-1 Continuation Sheet for Schedule D	10424	3903 Moving Expenses	12490
Sch E Supplemental Income and Loss	11344	4562 Depreciation and Amortization	12906
Sch EIC Earned Income Credit	13339	4868 Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	13141
Sch F Profit or Loss From Farming	11346	4952 Investment Interest Expense Deduction	13177
Sch H Household Employment Taxes	12187	5329 Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts	13329
Sch J Farm Income Averaging	25513	6251 Alternative Minimum Tax—Individuals	13600
Sch R Credit for the Elderly or the Disabled	11359	8283 Noncash Charitable Contributions	62299
Sch SE Self-Employment Tax	11358	8582 Passive Activity Loss Limitations	63704
1040A U.S. Individual Income Tax Return	11327	8606 Nondeductible IRAs	63966
Sch 1 Interest and Ordinary Dividends for Form 1040A Filers	12075	8812 Additional Child Tax Credit	10644
Sch 2 Child and Dependent Care Expenses for Form 1040A Filers	10749	8822 Change of Address	12081
Sch 3 Credit for the Elderly or the Disabled for Form 1040A Filers	12064	8829 Expenses for Business Use of Your Home	13232
1040EZ Income Tax Return for Single and Joint Filers With No Dependents	11329	8863 Education Credits	25379
1040-ES Estimated Tax for Individuals	11340	9465 Installment Agreement Request	14842
1040X Amended U.S. Individual Income Tax Return	11360		



Department
of the
Treasury

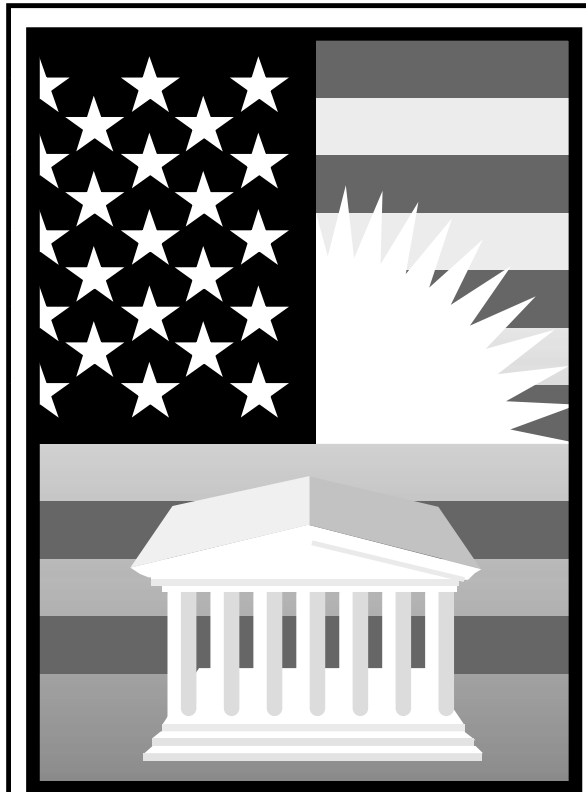
Internal
Revenue
Service

Publication 561

(Rev. February 2000)

Cat. No. 15109Q

Determining the Value of Donated Property



Get forms and other information faster and easier by:
COMPUTER

- World Wide Web • www.irs.gov
- FTP • [ftp.irs.gov](ftp://ftp.irs.gov)

FAX

- From your FAX machine, dial • (703) 368-9694
- See *How To Get More Information* in this publication.

Contents

Introduction	1
What Is Fair Market Value (FMV)?	2
Cost or Selling Price of the Donated Property	2
Sales of Comparable Properties	2
Replacement Cost	3
Opinions of Experts	3
Problems in Determining Fair Market Value	3
Valuation of Various Kinds of Property	4
Household Goods	4
Used Clothing	4
Jewelry and Gems	4
Paintings, Antiques, and Other Objects of Art	4
Collections	4
Cars, Boats, and Aircraft	5
Inventory	5
Stocks and Bonds	5
Real Estate	6
Interest in a Business	6
Annuities, Interests for Life or Terms of Years, Remainders, and Reversions	6
Certain Life Insurance and Annuity Contracts	7
Partial Interest in Property Not in Trust	7
Appraisals	8
Deductions of More Than \$5,000 ...	8
Qualified Appraisal	8
Appraisal Summary	9
Internal Revenue Service Review of Appraisals	10
Penalties	10
How To Get More Information	10
Index	11

Introduction

This publication is designed to help donors and appraisers determine the value of property (other than cash) that is given to qualified organizations. It also explains what kind of information you must have to support the charitable contribution deduction you claim on your return.

This publication does not discuss how to figure the amount of your deduction for charitable contributions or written records and substantiation required. See Publication 526, *Charitable Contributions*, for this information.

Useful Items

You may want to see:

Publication

- 526** Charitable Contributions
- 535** Business Expenses

Form (and Instructions)

- 8282** Donee Information Return
- 8283** Noncash Charitable Contributions

See *How To Get More Information*, near the end of this publication, for information about getting these publications and forms.

What Is Fair Market Value (FMV)?

To figure how much you may deduct for property that you contribute, you must first determine its fair market value on the date of the contribution.

Fair market value. Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts. If you put a restriction on the use of property you donate, the FMV must reflect that restriction.

Example 1. If you give used clothing to the Salvation Army, the FMV would be the price that typical buyers actually pay for clothing of this age, condition, style, and use. Usually, such items are worth far less than what you paid for them.

Example 2. If you donate land and restrict its use to agricultural purposes, you must value the land at its value for agricultural purposes, even though it would have a higher FMV if it were not restricted.

Factors. In making and supporting the valuation of property, all factors affecting value are relevant and must be considered. These include:

- 1) The cost or selling price of the item,
- 2) Sales of comparable properties,
- 3) Replacement cost, and
- 4) Opinions of experts.

These factors are discussed later. Also, see *Table 1* for a summary of questions to ask as you consider each factor.

Date of contribution. Ordinarily, the date of a contribution is the date that the transfer of the property takes place.

Stock. If you deliver, without any conditions, a properly endorsed stock certificate to a qualified organization or to an agent of the organization, the date of the contribution is the date of delivery. If the certificate is mailed and received through the regular mail, it is the date of mailing. If you deliver the certificate to a bank or broker acting as your agent or to the issuing corporation or its agent, for transfer into the name of the organization, the date of the contribution is the date the stock is transferred on the books of the corporation.

Options. If you grant an option to a qualified organization to purchase real property, you have not made a charitable contribution until the organization exercises the option. The amount of the contribution is the FMV of the property on the date the option is exercised minus the exercise price.

Example. You grant an option to a local university, which is a qualified organization, to purchase real property. Under the option, the university could purchase the property at any time during a 2-year period for \$40,000. The FMV of the property on the date the option is granted is \$50,000.

In the following tax year, the university exercises the option. The FMV of the property on the date the option is exercised is \$55,000. Therefore, you have made a charitable contribution of \$15,000 (\$55,000, the FMV, minus \$40,000, the exercise price) in the tax year the option is exercised.

Determining Fair Market Value

Determining the value of donated property would be a simple matter if you could rely only on fixed formulas, rules, or methods. Usually it is not that simple. Using such formulas, etc., seldom results in an acceptable determination of FMV. There is no single formula that always applies when determining the value of property.

This is not to say that a valuation is only guesswork. You must consider all the facts and circumstances connected with the property, such as its desirability, use, and scarcity.

For example, donated furniture should not be evaluated at some fixed rate such as 15% of the cost of new replacement furniture. When the furniture is contributed, it may be out of style or in poor condition, therefore having little or no market value. On the other hand, it may be an antique, the value of which could not be determined by using any formula.

Cost or Selling Price of the Donated Property

Your cost of the property or the actual selling price received by the qualified organization may be the best indication of its FMV. However, because conditions in the market change, the cost or selling price of property may have less weight if the property was not bought or sold reasonably close to the date of contribution.

The cost or selling price is a good indication of the property's value if:

- 1) The purchase or sale took place close to the valuation date in an open market,
- 2) The purchase or sale was at "arm's-length,"
- 3) The buyer and seller knew all relevant facts,
- 4) The buyer and seller did not have to act, and
- 5) The market did not change between the date of purchase or sale and the valuation date.

Example. Tom Morgan, who is not a dealer in gems, bought an assortment of gems for \$5,000 from a promoter. The promoter claimed that the price was "wholesale" even though he and other dealers made similar sales at similar prices to other persons who were not dealers. The promoter said that if Tom kept the gems for more than one year and then gave them to charity, Tom could claim a charitable deduction of \$15,000, which, according to the promoter, would be the value of the gems at the time of contribution. Tom gave the gems to a qualified charity 13 months after buying them.

The selling price for these gems had not changed from the date of purchase to the date he donated them to charity. The best evidence of FMV depends on actual transactions and not on some artificial estimate. The \$5,000 charged Tom and others is,

therefore, the best evidence of the maximum FMV of the gems.

Terms of the purchase or sale. The terms of the purchase or sale should be considered in determining FMV if they influenced the price. These terms include any restrictions, understandings, or covenants limiting the use or disposition of the property.

Rate of increase or decrease in value. Unless you can show that there were unusual circumstances, it is assumed that the increase or decrease in the value of your donated property from your cost has been at a reasonable rate. For time adjustments, an appraiser may consider published price indexes for information on general price trends, building costs, commodity costs, securities, and works of art sold at auction in arm's-length sales.

Example. Bill Brown bought a painting for \$10,000. Thirteen months later he gave it to an art museum, claiming a charitable deduction of \$15,000 on his tax return. The appraisal of the painting should include information showing that there were unusual circumstances that justify a 50% increase in value for the 13 months Bill held the property.

Arm's-length offer. An arm's-length offer to buy the property close to the valuation date may help to prove its value if the person making the offer was willing and able to complete the transaction. To rely on an offer, you should be able to show proof of the offer and the specific amount to be paid. Offers to buy property other than the donated item will help to determine value if the other property is reasonably similar to the donated property.

Sales of Comparable Properties

The sales prices of properties similar to the donated property are often important in determining the FMV. The weight to be given to each sale depends on the following:

- 1) The degree of similarity between the property sold and the donated property.
- 2) The time of the sale—whether it was close to the valuation date.
- 3) The circumstances of the sale—whether it was at arm's-length with a knowledgeable buyer and seller, with neither having to act.
- 4) The conditions of the market in which the sale was made—whether unusually inflated or deflated.

The comparable sales method of valuing real estate is explained later under *Valuation of Various Kinds of Property*.

Example 1. Mary Black, who is not a book dealer, paid a promoter \$10,000 for 500 copies of a single edition of a modern translation of the Bible. The promoter had claimed that the price was considerably less than the "retail" price, and gave her a statement that the books had a total retail value of \$30,000. The promoter advised her that if she kept the Bibles for more than one year and then gave them to a qualified organization, she could claim a charitable deduction for the "retail" price of \$30,000. Thirteen months later she gave all the Bibles to a church that she selected from a list provided by the promoter. At the time of her donation, wholesale dealers

were selling similar quantities of Bibles to the general public for \$10,000.

The FMV of the Bibles is \$10,000, the price at which similar quantities of Bibles were being sold to others at the time of the contribution.

Example 2. Assume the same facts as in Example 1, except that the promoter gave Mary Black a second option. The promoter said that if Mary wanted a charitable deduction within one year of the purchase, she could buy the 500 Bibles at the “retail” price of \$30,000, paying only \$10,000 in cash and giving a promissory note for the remaining \$20,000. The principal and interest on the note would not be due for 12 years. According to the promoter, Mary could then, within one year of the purchase, give the Bibles to a qualified organization and claim the full \$30,000 retail price as a charitable contribution. She purchased the Bibles under the second option and, 3 months later, gave them to a church, which will use the books for church purposes.

At the time of the gift, the promoter was selling similar lots of Bibles for either \$10,000 or \$30,000. The difference between the two prices was solely at the discretion of the buyer. The promoter was a willing seller for \$10,000. Therefore, the value of Mary’s contribution of the Bibles is \$10,000, the amount at which similar lots of Bibles could be purchased from the promoter by members of the general public.

Replacement Cost

The cost of buying, building, or manufacturing property similar to the donated item should be considered in determining FMV. However, there must be a reasonable relationship between the replacement cost and the FMV.

The replacement cost is the amount it would cost to replace the donated item on the valuation date. Often there is no relationship between the replacement cost and the FMV. If the supply of the donated property is more or less than the demand for it, the replacement cost becomes less important.

To determine the replacement cost of the donated property, find the “estimated replacement cost new.” Then subtract from this figure an amount for depreciation due to the physical condition and obsolescence of the donated property. You should be able to show the relationship between the depreciated replacement cost and the FMV, as well as how you arrived at the “estimated replacement cost new.”

Opinions of Experts

Generally, the weight given to an expert’s opinion on matters such as the authenticity of a coin or a work of art, or the most profitable and best use of a piece of real estate, depends on the knowledge and competence of the expert and the thoroughness with which the opinion is supported by experience and facts. For an expert’s opinion to deserve much weight, the facts must support the opinion. For additional information, see *Appraisals*, later.

Table 1. Determining FMV

When you use this factor:	You should consider these questions:
Cost or Selling Price	<p>Was the purchase or sale of the property reasonably close to the date of contribution?</p> <p>Was any increase or decrease in value, as compared to your cost, at a reasonable rate?</p> <p>Do the terms of purchase or sale limit what can be done with the property?</p> <p>Was there an arm’s length offer to buy the property close to the valuation date?</p>
Sales of Comparable Properties	<p>How similar is the property sold to the property donated?</p> <p>How close is the date of sale to the valuation date?</p> <p>Was the sale at arm’s length?</p> <p>What was the condition of the market at the time of sale?</p>
Replacement Cost	<p>What would it cost to replace the donated property?</p> <p>Is there a reasonable relationship between replacement cost and FMV?</p> <p>Is the supply of the donated property more or less than the demand for it?</p>
Opinions of Experts	<p>Is the expert knowledgeable and competent?</p> <p>Is the opinion thorough and supported by facts and experience?</p>

Problems in Determining Fair Market Value

There are a number of problems in determining the FMV of donated property.

Unusual Market Conditions

The sale price of the property itself in an arm’s-length transaction in an open market is often the best evidence of its value. When you rely on sales of comparable property, the sales must have been made in an open market. If those sales were made in a market that was artificially supported or stimulated so as not to be truly representative, the prices at which the sales were made will not indicate the FMV.

For example, liquidation sale prices usually do not indicate the FMV. Also, sales of stock under unusual circumstances, such as sales of small lots, forced sales, and sales in a restricted market, may not represent the FMV.

Selection of Comparable Sales

Using sales of comparable property is an important method for determining the FMV of donated property. However, the amount of weight given to a sale depends on the degree of similarity between the comparable and the donated properties. The degree of similarity must be close enough so that this selling price would have been given consideration by reasonably well-informed buyers or sellers of the property.

Example. You give a rare, old book to your former college. The book is a third edition and is in poor condition because of a missing back cover. You discover that there was a sale for \$300, near the valuation date, of a first edition of the book that was in good condition. Although the contents are the same, the books are not at all similar because of the different editions and their physical condition. Little consideration would be given to the selling price of the \$300 property by knowledgeable buyers or sellers.

Future Events

You may not consider unexpected events happening after your donation of property in making the valuation. You may consider only the facts known at the time of the gift, and those that could be reasonably expected at the time of the gift.

Example. You give farmland to a qualified charity. The transfer provides that your mother will have the right to all income and full use of the property for her life. Even though your mother dies one week after the transfer, the value of the property on the date it is given is its present value, subject to the life interest as estimated from actuarial tables. You may not take a higher deduction because the charity received full use and possession of the land only one week after the transfer.

Using Past Events to Predict the Future

A common error is to rely too much on past events that do not fairly reflect the probable future earnings and FMV.

Example. You give all your rights in a successful patent to your favorite charity. Your records show that before the valuation date there were three stages in the patent's history of earnings. First, there was rapid growth in earnings when the invention was introduced. Then, there was a period of high earnings when the invention was being exploited. Finally, there was a decline in earnings when competing inventions were introduced. The entire history of earnings may be relevant in estimating the future earnings. However, the appraiser must not rely too much on the stage of rapid growth in earnings, or of high earnings. The market conditions at those times do not represent the condition of the market at the valuation date. What is most significant is the trend of decline in earnings up to the valuation date.

Valuation of Various Kinds of Property

This section contains information on determining the FMV of ordinary kinds of donated property. For information on appraisals, see *Appraisals*, later.

Household Goods

The FMV of used household goods, such as furniture, appliances, and linens, is usually much lower than the price paid when new. Such used property may have little or no market value because of its worn condition. It may be out of style or no longer useful.

If the property is valuable because it is old or unique, see the discussion under *Paintings, Antiques, and Other Objects of Art*.

Used Clothing

Used clothing and other personal items are usually worth far less than the price you paid for them. Valuation of items of clothing does not lend itself to fixed formulas or methods.

The price that buyers of used items actually pay in used clothing stores, such as consignment or thrift shops, is an indication of the value.

For valuable furs or very expensive gowns, an appraisal summary may have to be sent with your tax return.

Jewelry and Gems

Jewelry and gems are of such a specialized nature that it is almost always necessary to get an appraisal by a specialized jewelry appraiser. The appraisal should describe, among other things, the style of the jewelry, the cut and setting of the gem, and whether it is now in fashion. If not in fashion, the possibility of having the property redesigned, recut, or reset should be reported in the appraisal. The stone's coloring, weight, cut, brilliance, and flaws should be reported and analyzed. Sentimental personal value has no effect on FMV. But if the jewelry was owned by a famous person, its value might increase.

Paintings, Antiques, and Other Objects of Art

Your deduction for contributions of paintings, antiques, and other objects of art, should be supported by a written appraisal from a qualified and reputable source, unless the deduction is \$5,000 or less. Examples of information that should be included in appraisals of art objects—paintings in particular—are found later under *Qualified Appraisal*.

Art valued at \$20,000 or more. If you claim a deduction of \$20,000 or more for donations of art, you must attach a complete copy of the signed appraisal to your return. For individual objects valued at \$20,000 or more, a photograph of a size and quality fully showing the object, preferably an 8 x 10 inch color photograph or a color transparency no smaller than 4 x 5 inches, must be provided upon request.

Art valued at \$50,000 or more. If you donate an item of art that has been appraised at \$50,000 or more, you can request a **Statement of Value** for that item from the IRS. You must request the statement before filing the tax return that reports the donation. Your request must include the following:

- 1) A copy of a qualified appraisal of the item (see *Qualified Appraisal*, later.)
- 2) A \$2,500 check or money order payable to the Internal Revenue Service for the user fee that applies to your request regarding one, two, or three items of art (add \$250 for each item in excess of three).
- 3) A completed appraisal summary (Section B of Form 8283, *Noncash Charitable Contributions*.)
- 4) The location of the IRS District Office that has examination responsibility for your area.

If your request lacks essential information, you will be notified and given 30 days to provide the missing information.

Refunds. You can withdraw your request for a Statement of Value at any time before it is issued. However, the IRS will not refund the user fee if you do.

If the IRS declines to issue a Statement of Value in the interest of efficient tax administration, the IRS will refund the user fee.

Authenticity. The authenticity of the donated art must be determined by the appraiser. Certificates of authenticity may be useful, but this depends on the genuineness of the certificate and the qualifications of the authenticator.

Physical condition. Important items in the valuation of antiques and art are physical condition and extent of restoration. These have a significant effect on the value and must be fully reported in an appraisal. An antique in damaged condition, or lacking the "original brasses," may be worth much less than a similar piece in excellent condition.

Art appraisers. More weight will usually be given to an appraisal prepared by an individual specializing in the kind and price range of the art being appraised. Certain art dealers or appraisers specialize, for example, in old masters, modern art, bronze sculpture, etc. Their opinions on the authenticity and desir-

ability of such art would usually be given more weight than the opinions of more generalized art dealers or appraisers. They can report more recent comparable sales to support their opinion.

To identify and locate experts on unique, specialized items or collections, you may wish to use the current *Official Museum Directory* of the American Association of Museums. It lists museums both by state and by category.

To help you locate a qualified appraiser for your donation, you may wish to ask an art historian at a nearby college or the director or curator of a local museum. The Yellow Pages often list specialized art and antique dealers, auctioneers, and art appraisers. You may also contact associations of dealers for guidance.

Collections

Since many kinds of hobby collections may be the subject of a charitable donation, it is not possible to discuss all of the possible collectibles in this publication. Most common are rare books, autographs, manuscripts, stamps, coins, guns, phonograph records, and natural history items. Many of the elements of valuation that apply to paintings and other objects of art, discussed earlier, also apply to miscellaneous collections.

Reference material. Publications available to help you determine the value of many kinds of collections include catalogs, dealers' price lists, and specialized hobby periodicals. When using one of these price guides, you must use the current edition at the date of contribution. However, these sources are not always reliable indicators of FMV and should be supported by other evidence.

For example, a dealer may sell an item for much less than is shown on a price list, particularly after the item has remained unsold for a long time. The price an item sold for in an auction may have been the result of a rigged sale or a mere bidding duel. The appraiser must analyze the reference material, and recognize and make adjustments for misleading entries. If you are donating a valuable collection, you should get an appraisal. If your donation appears to be of little value, you may be able to make a satisfactory valuation using reference materials available at a state, city, college, or museum library.

Stamp collections. Most libraries have catalogs or other books that report the publisher's estimate of values. Generally, two price levels are shown for each stamp: the price postmarked and the price not postmarked. Stamp dealers generally know the value of their merchandise and are able to prepare satisfactory appraisals of valuable collections.

Coin collections. Many catalogs and other reference materials show the writer's or publisher's opinion of the value of coins on or near the date of the publication. Like many other collectors' items, the value of a coin depends on the demand for it, its age, and its rarity. Another important factor is the coin's condition. For example, there is a great difference in the value of a coin that is in mint condition and a similar coin that is only in good condition.

Catalogs usually establish a category for coins, based on their physical condition—mint or uncirculated, extremely fine, very fine, fine, very good, good, fair, or poor—with a different valuation for each category.

Books. The value of books is usually determined by selecting comparable sales and adjusting the prices according to the differences between the comparable sales and the item being evaluated. This is difficult to do and, except for a collection of little value, should be done by a specialized appraiser. Within the general category of literary property, there are dealers who specialize in certain areas, such as Americana, foreign imports, Bibles, and scientific books.

Modest value of collection. If the collection you are donating is of modest value, not requiring a written appraisal, the following information may help you in determining the FMV.

A book that is very old, or very rare, is not necessarily valuable. There are many books that are very old or rare, but that have little or no market value.

Condition of book. The condition of a book may have a great influence on its value. Collectors are interested in items that are in fine, or at least good, condition. When a book has a missing page, a loose binding, tears, stains, or is otherwise in poor condition, its value is greatly lowered.

Other factors. Some other factors in the valuation of a book are the kind of binding (leather, cloth, paper), page edges, and illustrations (drawings and photographs). Collectors usually want first editions of books. However, because of changes or additions, other editions are sometimes worth as much as, or more than, the first edition.

Manuscripts, autographs, diaries, and similar items. When these items are handwritten, or at least signed by famous people, they are often in demand and are valuable. The writings of unknowns also may be of value if they are of unusual historical or literary importance. Determining the value of such material is difficult. For example, there may be a great difference in value between two diaries that were kept by a famous person—one kept during childhood and the other during a later period in his or her life. The appraiser determines a value in these cases by applying knowledge and judgment to such factors as comparable sales and conditions.

Signatures. Signatures, or sets of signatures, that were cut from letters or other papers usually have little or no value. But complete sets of the signatures of U.S. presidents are in demand.

Cars, Boats, and Aircraft

If you donate a car, a boat, or an aircraft to a charitable organization, its FMV must be determined.

Certain commercial firms and trade organizations publish monthly or seasonal guides for different regions of the country, containing complete dealer sale prices or dealer-average prices for recent model years. Prices are reported for each make, model, and year of used car, aircraft, truck, recreational vehicle, and boat. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices are not "official," and these publications are not considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available at a bank, credit union, or finance company.

Except for inexpensive small boats, the valuation of boats should be based on an appraisal by a marine surveyor because the physical condition is so critical to the value.

Example. You donate your car to a local high school for use by students studying automobile repair. Your credit union told you that the "blue book" value of a car like yours is \$1,600 in good condition. However, your car needs extensive repairs. After checking with repair shops and used car dealers, you find that the car should sell for \$750. You may use \$750 as the FMV of the car.

Inventory

If you donate any inventory item to a charitable organization, the amount of your deductible contribution is the FMV of the item, less any gain you would have realized if you had sold the item at its FMV on the date of the gift. For more information, see *Charitable contributions* in Chapter 16 of Publication 535, *Business Expenses*.

Stocks and Bonds

The value of stocks and bonds is the FMV of a share or bond on the valuation date. See *Date of contribution*, earlier, under *What Is Fair Market Value (FMV)?*

Selling prices on valuation date. If there is an active market for the contributed stocks or bonds on a stock exchange, in an over-the-counter market, or elsewhere, the FMV of each share or bond is the average price between the highest and lowest quoted selling prices on the valuation date. For example, if the highest selling price for a share was \$11, and the lowest \$9, the average price is \$10. You get the average price by adding \$11 and \$9 and dividing the sum by 2.

No sales on valuation date. If there were no sales on the valuation date, but there were sales within a reasonable period before and after the valuation date, you determine FMV by taking the average price between the highest and lowest sales prices on the nearest date before and on the nearest date after the valuation date. Then you weight these averages in *inverse* order by the respective number of trading days between the selling dates and the valuation date.

Example. On the day you gave stock to a qualified organization, there were no sales of the stock. Sales of the stock nearest the valuation date took place two trading days before the valuation date at an average selling price of \$10 and three trading days after the valuation date at an average selling price of \$15. The FMV on the valuation date was \$12, figured as follows:

$$[(3 \times \$10) + (2 \times \$15)] \div 5 = \$12$$

Listings on more than one stock exchange. Stocks or bonds listed on more than one stock exchange are valued based on the prices of the exchange on which they are principally dealt. This applies if these prices are published in a generally available listing or publication of general circulation. If this is not applicable, and the stocks or bonds are reported on a composite listing of combined exchanges in a publication of general circulation, use the composite list. See also *Un-*

available prices or closely held corporation, later.

Bid and asked prices on valuation date. If there were no sales within a reasonable period before and after the valuation date, the FMV is the average price between the bona fide bid and asked prices on the valuation date.

Example. Although there were no sales of Blue Corporation stock on the valuation date, bona fide bid and asked prices were available on that date of \$14 and \$16, respectively. The FMV is \$15, the average price between the bid and asked prices.

No prices on valuation date. If there were no prices available on the valuation date, you determine FMV by taking the average prices between the bona fide bid and asked prices on the closest trading date before and after the valuation date. Both dates must be within a reasonable period. Then you weight these averages in *inverse* order by the respective number of trading days between the bid and asked dates and the valuation date.

Prices only before or after valuation date, but not both. If no selling prices or bona fide bid and asked prices are available on a date within a reasonable period before the valuation date, but are available on a date within a reasonable period after the valuation date, or vice versa, then the average price between the highest and lowest of such available prices may be treated as the value.

Large blocks of stock. When a large block of stock is put on the market, it may lower the selling price of the stock if the supply is greater than the demand. On the other hand, market forces may exist that will afford higher prices for large blocks of stock. Because of the many factors to be considered, determining the value of large blocks of stock usually requires the help of experts specializing in underwriting large quantities of securities, or in trading in the securities of the industry of which the particular company is a part.

Unavailable prices or closely held corporation. If selling prices or bid and asked prices are not available, or if securities of a closely held corporation are involved, determine the FMV by considering the following factors:

- 1) For bonds, the soundness of the security, the interest yield, the date of maturity, and other relevant factors.
- 2) For shares of stock, the company's net worth, prospective earning power and dividend-paying capacity, and other relevant factors.

Other factors. Other relevant factors include the goodwill of the business, the economic outlook in the particular industry, the company's position in the industry and its management, and the value of securities of corporations engaged in the same or similar business. For preferred stock, the most important factors are its yield, dividend coverage, and protection of its liquidation preference.

You should keep complete financial and other information on which the valuation is based. This includes copies of reports of examinations of the company made by ac-

countants, engineers, or any technical experts on or close to the valuation date.

Restricted securities. Some classes of stock cannot be traded publicly because of restrictions imposed by the Securities and Exchange Commission, or by the corporate charter or a trust agreement. These restricted securities usually trade at a discount in relation to freely traded securities.

To arrive at the FMV of restricted securities, factors that you must consider include the resale provisions found in the restriction agreements, the relative negotiating strengths of the buyer and seller, and the market experience of freely traded securities of the same class as the restricted securities.

Real Estate

Because each piece of real estate is unique and its valuation is complicated, a detailed appraisal by a professional appraiser is necessary.

The appraiser must be thoroughly trained in the application of appraisal principles and theory. In some instances the opinions of equally qualified appraisers may carry unequal weight, such as when one appraiser has a better knowledge of local conditions.

The appraisal report must contain a complete description of the property, such as street address, legal description, and lot and block number, as well as physical features, condition, and dimensions. The use to which the property is put, zoning and permitted uses, and its potential use for other higher and better uses are also relevant.

In general, there are three main approaches to the valuation of real estate. An appraisal may require the combined use of two or three methods rather than one method only.

1. Comparable Sales

The comparable sales method compares the donated property with several similar properties that have been sold. The selling prices, after adjustments for differences in date of sale, size, condition, and location, would then indicate the estimated FMV of the donated property.

If the comparable sales method is used to determine the value of **unimproved real property** (land without significant buildings, structures, or any other improvements that add to its value), the appraiser should consider the following factors when comparing the potential comparable property and the donated property:

- 1) Location, size, and zoning or use restrictions,
- 2) Accessibility and road frontage, and available utilities and water rights,
- 3) Riparian rights (right of access to and use of the water by owners of land on the bank of a river) and existing easements, rights-of-way, leases, etc.,
- 4) Soil characteristics, vegetative cover, and status of mineral rights, and
- 5) Other factors affecting value.

For each comparable sale, the appraisal must include the names of the buyer and seller, the deed book and page number, the date of sale and selling price, a property description, the amount and terms of mortgages,

property surveys, the assessed value, the tax rate, and the assessor's appraised FMV.

The comparable selling prices must be adjusted to account for differences between the sale property and the donated property. Because differences of opinion may arise between appraisers as to the degree of comparability and the amount of the adjustment considered necessary for comparison purposes, an appraiser should document each item of adjustment.

Only comparable sales having the least adjustments in terms of items and/or total dollar adjustments should be considered as comparable to the donated property.

2. Capitalization of Income

This method capitalizes the net income from the property at a rate that represents a fair return on the particular investment at the particular time, considering the risks involved. The key elements are the determination of the income to be capitalized and the rate of capitalization.

3. Replacement Cost New or Reproduction Cost Minus Observed Depreciation

This method, used alone, usually does not result in a determination of FMV. Instead, it generally tends to set the upper limit of value, particularly in periods of rising costs, because it is reasonable to assume that an informed buyer will not pay more for the real estate than it would cost to reproduce a similar property. Of course, this reasoning does not apply if a similar property cannot be created because of location, unusual construction, or some other reason. Generally, this method serves to support the value determined from other methods. When the replacement cost method is applied to **improved realty**, the land and improvements are valued separately.

The replacement cost of a building is figured by considering the materials, the quality of workmanship, and the number of square feet or cubic feet in the building. This cost represents the total cost of labor and material, overhead, and profit. After the replacement cost has been figured, consideration must be given to the following factors:

- 1) Physical deterioration—the wear and tear on the building itself,
- 2) Functional obsolescence—usually in older buildings with, for example, inadequate lighting, plumbing, or heating, small rooms, or a poor floor plan, and
- 3) Economic obsolescence—outside forces causing the whole area to become less desirable.

Interest in a Business

The FMV of any interest in a business, whether a sole proprietorship or a partnership, is the amount that a willing buyer would pay for the interest to a willing seller after consideration of all relevant factors. The relevant factors to be considered in valuing the business are:

- 1) The FMV of the assets of the business,
- 2) The demonstrated earnings capacity of the business, based on a review of past and current earnings, and

- 3) The other factors used in evaluating corporate stock, if they apply.

The value of the goodwill of the business should also be taken into consideration. You should keep complete financial and other information on which you base the valuation. This includes copies of reports of examinations of the business made by accountants, engineers, or any technical experts on or close to the valuation date.

Annuities, Interests for Life or Terms of Years, Remainders, and Reversions

The value of these kinds of property is their present value, except in the case of annuities under contracts issued by companies regularly engaged in their sale. The valuation of these commercial annuity contracts and of insurance policies is discussed later under *Certain Life Insurance and Annuity Contracts*.

To determine present value, you must know the applicable interest rate and use actuarial tables.

Interest rate. The applicable interest rate varies. It is announced monthly in a news release and published in the Internal Revenue Bulletin as a Revenue Ruling. The interest rate to use is under the heading "Rate Under Section 7520" for a given month and year. You can call the local IRS office to obtain this rate.

Actuarial tables. You need to refer to actuarial tables to determine a qualified interest in the form of an annuity, any interest for life or a term of years, or any remainder interest to a charitable organization.

Use the valuation tables set forth in IRS Publications 1457 (Alpha Volume) and 1458 (Beta Volume). Both of these publications provide tables containing actuarial factors to be used in determining the present value of an annuity, an interest for life or for a term of years, or a remainder or reversionary interest. For qualified charitable transfers, you can use the factor for the month in which you made the contribution or for either of the 2 months preceding that month.

Publication 1457 also contains actuarial factors for computing the value of a remainder interest in a charitable remainder annuity trust and a pooled income fund. Publication 1458 contains the factors for valuing the remainder interest in a charitable remainder unitrust. These are available for purchase by phone at (202)512-1800 or by mail from the:

Superintendent of Documents
United States Government
Printing Office
P.O. Box 371954
Pittsburgh, PA 15250-7954

If you call in your order, you can pay by VISA or MasterCard.

Tables containing actuarial factors for transfers to pooled income funds may also be found in Income Tax Regulation 1.642(c)-6(e)(5), transfers to charitable remainder unitrusts in Regulation 1.664(e)(6), and other transfers in Regulation 20.2031-7(d)(6).

Special factors. If you need a special factor for an actual transaction, you may ask for it by writing a request for a letter ruling to the:

Internal Revenue Service
Associate Chief Counsel (Domestic)
Attn: CC:DOM:Corp:T
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Be sure to include the date of birth of each person, the duration of whose life may affect the value of the interest, and copies of the relevant instruments. IRS charges a user fee for providing special factors.

For information on the circumstances under which a charitable deduction may be allowed for the donation of a partial interest in property not in trust, see *Partial Interest in Property Not in Trust*, later.

Certain Life Insurance and Annuity Contracts

The value of an annuity contract or a life insurance policy issued by a company regularly engaged in the sale of such contracts or policies is the amount that company would charge for a comparable contract.

But if the donee of a life insurance policy may reasonably be expected to cash the policy rather than hold it as an investment, then the FMV is the cash surrender value rather than the replacement cost.

If an annuity is payable under a combination annuity contract and life insurance policy (for example, a retirement income policy with a death benefit) and there was no insurance element when it was transferred to the charity, the policy is treated as an annuity contract.

Partial Interest in Property Not in Trust

Generally, no deduction is allowed for a charitable contribution, not made in trust, of less than your entire interest in property. However, this does not apply to a transfer of less than your entire interest if it is a transfer of:

- 1) A remainder interest in your personal residence or farm,
- 2) An undivided part of your entire interest in property, or
- 3) A qualified conservation contribution.

Valuation of a remainder interest in real property, not transferred in trust. The amount of the deduction for a donation of a remainder interest in real property is the FMV of the remainder interest at the time of the contribution. To determine this value, you must know the FMV of the property on the date of the contribution. Multiply this value by the appropriate factor. Publications 1457 and 1458 contain these factors.

You must make an adjustment for depreciation or depletion using the factors shown in Publication 1459 (Gamma Volume). You can use the factors for the month in which you made the contribution or for either of the two months preceding that month. See the earlier discussion on *Annuities, Interests for Life or Terms of Years, Remainders, and Reversions*. Publication 1459 is available free by writing to the IRS address given under *Special factors* earlier.

For this purpose, the term “depreciable property” means any property subject to wear and tear or obsolescence, even if not used in a trade or business or for the production of income.

If the remainder interest includes both depreciable and nondepreciable property, for example a house and land, the FMV must be allocated between each kind of property at the time of the contribution. This rule also applies to a gift of a remainder interest that includes property that is part depletable and part not depletable. Take into account depreciation or depletion only for the property that is subject to depreciation or depletion.

For more information, see section 1.170A-2 of the Income Tax Regulations.

Undivided part of your entire interest. A contribution of an undivided part of your entire interest in property must consist of a part of each and every substantial interest or right you own in the property. It must extend over the entire term of your interest in the property. For example, you are entitled to the income from certain property for your life (life estate) and you contribute 20% of that life estate to a qualified organization. You can claim a deduction for the contribution if you do not have any other interest in the property. To figure the value of a contribution involving a partial interest, see Publication 1457.

If the only interest you own in real property is a remainder interest and you transfer part of that interest to a qualified organization, see the previous discussion on valuation of a remainder interest in real property.

Qualified conservation contribution. A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization to be used only for conservation purposes.

Qualified organization. For purposes of a qualified conservation contribution, a qualified organization is:

- 1) A governmental unit,
- 2) A publicly supported charitable, religious, scientific, literary, educational, etc., organization, or
- 3) An organization that is controlled by, and operated for the exclusive benefit of, a governmental unit or a publicly supported charity.

Conservation purposes. Your contribution must be made only for one of the following conservation purposes:

- 1) Preservation of land areas for outdoor recreation by, or for the education of, the general public.
- 2) Protection of a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem.
- 3) Preservation of open space, including farmland and forest land. The preservation must yield a significant public benefit. It must be either for the scenic enjoyment of the general public or under a clearly defined federal, state, or local governmental conservation policy.
- 4) Preservation of a historically important land area or a certified historic structure. A historically important land area includes an independently significant land area, any land area in a registered his-

toric district, and any land area next to a property listed in the National Register of Historic Places if its physical or environmental features contribute to the historic or cultural integrity of the listed property. A certified historic structure is any building, structure, or land area that is listed in the National Register, or is located in a registered historic district and is certified by the Secretary of the Interior as being of historic significance to the district.

There must be some visual public access to the property. Factors used in determining the type and amount of public access required include the historical significance of the property, the remoteness or accessibility of the site, and the extent to which intrusions of privacy would be unreasonable.

Qualified real property interest. This is any of the following interests in real property:

- 1) Your entire interest in real estate other than a mineral interest (subsurface oil, gas, or other minerals, and the right of access to these minerals).
- 2) A remainder interest.
- 3) A restriction (granted in perpetuity) on the use which may be made of the real property.

Valuation. A qualified real property interest described in (1) should be valued in a manner that is consistent with the type of interest transferred. If you transferred all the interest in the property, the FMV of the property is the amount of the contribution. If you do not transfer the mineral interest, the FMV of the surface rights in the property is the amount of the contribution.

If you owned only a remainder interest or an income interest (life estate), see *Undivided part of your entire interest*, earlier. If you owned the entire property but only transferred a remainder interest (item (2)), see *Valuation of a remainder interest in real property, not transferred in trust*, earlier.

In determining the value of restrictions, you should take into account the selling price in arm's-length transactions of other properties that have comparable restrictions. If there are no qualified sales, the restrictions are valued indirectly as the difference between the FMVs of the property involved before and after the grant of the restriction.

The FMV of the property before contribution of the restriction should take into account not only current use but the likelihood that the property, without the restriction, would be developed. You should also consider any zoning, conservation, or historical preservation laws that would restrict development. Granting an easement may increase, rather than reduce, the value of property, and in such a situation no deduction would be allowed.

Example. You own 10 acres of farmland. Similar land in the area has an FMV of \$2,000 an acre. However, land in the general area that is restricted solely to farm use has an FMV of \$1,500 an acre. Your county wants to preserve open space and prevent further development in your area.

You grant to the county an enforceable open space easement in perpetuity on 8 of the 10 acres, restricting its use to farmland. The value of this easement is \$4,000, determined as follows:

FMV of the property before granting easement:	
\$2,000 × 10 acres	\$20,000
FMV of the property after granting easement:	
\$1,500 × 8 acres	\$12,000
\$2,000 × 2 acres	4,000
	<u>16,000</u>
Value of easement	<u>\$4,000</u>

If you later transfer in fee your remaining interest in the 8 acres to another qualified organization, the FMV of your remaining interest is the FMV of the 8 acres reduced by the FMV of the easement granted to the first organization.

Appraisals

Appraisals are not necessary for items of property for which you claim a deduction of \$5,000 or less, or for which the value can easily be determined, such as securities whose prices are reported daily in the newspapers. However, you generally will need an appraisal for donated property for which you claim a deduction of more than \$5,000. See *Deductions of More Than \$5,000*, later.

The weight given an appraisal depends on the completeness of the report, the qualifications of the appraiser, and the appraiser's demonstrated knowledge of the donated property. An appraisal must give all the facts on which to base an intelligent judgment of the value of the property.

The appraisal will not be given much weight if:

- 1) All the factors that apply are not considered,
- 2) The opinion is not supported with facts, such as purchase price and comparable sales, or
- 3) The opinion is not consistent with known facts.

The appraiser's opinion is never more valid than the facts on which it is based; without these facts it is simply a guess.

Membership in professional appraisal or dealer organizations does not automatically establish the appraiser's competency. Nor does the lack of certificates, memberships, etc., automatically disprove the competency of the appraiser.

The opinion of a person claiming to be an expert is not binding on the Internal Revenue Service. All facts associated with the donation must be considered.

Cost of appraisals. You may not take a charitable contribution deduction for fees you pay for appraisals of your donated property. However, these fees may qualify as a miscellaneous deduction, subject to the 2% limit, on Schedule A (Form 1040) if paid to determine the amount allowable as a charitable contribution.

Deductions of More Than \$5,000

Generally, if the claimed deduction for an item or group of similar items of donated property is more than \$5,000, other than money and publicly traded securities, you must get a qualified appraisal made by a qualified appraiser, and you must attach an appraisal summary (Section B of Form 8283) to your tax return. You should keep the appraiser's

report with your written records. Records are discussed in Publication 526. For special rules that apply to publicly traded securities and nonpublicly traded stock, see the discussions later in this section.

The phrase **similar items** means property of the same generic category or type (whether or not donated to the same donee), such as stamps, coins, lithographs, paintings, photographs, books, nonpublicly traded stock, nonpublicly traded securities other than nonpublicly traded stock, land, buildings, clothing, jewelry, furniture, electronic equipment, household appliances, toys, everyday kitchenware, china, crystal, or silver. For example, if you give books to three schools and you deduct \$2,000, \$2,500, and \$900, respectively, your claimed deduction is more than \$5,000 for these books. You must get a qualified appraisal of the books and for each school you must attach a fully completed appraisal summary (Section B of Form 8283) to your tax return.

Publicly traded securities. Even if your claimed deduction is more than \$5,000, neither a qualified appraisal nor an appraisal summary is required for publicly traded securities that are:

- Listed on a stock exchange in which quotations are published on a daily basis,
- Regularly traded in a national or regional over-the-counter market for which published quotations are available, or
- Shares of an open-end investment company (mutual fund) for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

Publicly traded securities that meet these requirements must be reported in Section A, Form 8283.

A partially completed appraisal summary (Parts I and IV of Section B, Form 8283) signed by the donee, but not a qualified appraisal, is required for publicly traded securities that do not meet these requirements, but do have readily available market quotations. Market quotations are readily available if:

- 1) The issue is regularly traded during the computation period (defined later) in a market for which there is an "interdealer quotation system" (defined later),
- 2) The issuer or agent computes the "average trading price" (defined later) for the same issue for the computation period,
- 3) The average trading price and total volume of the issue during the computation period are published in a newspaper of general circulation throughout the United States, not later than the last day of the month following the end of the calendar quarter in which the computation period ends,
- 4) The issuer or agent keeps books and records that list for each transaction during the computation period the date of settlement of the transaction, the name and address of the broker or dealer making the market in which the transaction occurred, and the trading price and volume, and
- 5) The issuer or agent permits the Internal Revenue Service to review the books and records described in paragraph (4) with respect to transactions during the

computation period upon receiving reasonable notice.

An **interdealer quotation system** is any system of general circulation to brokers and dealers that regularly disseminates quotations of obligations by two or more identified brokers or dealers who are not related to either the issuer or agent who computes the average trading price of the security. A quotation sheet prepared and distributed by a broker or dealer in the regular course of business and containing only quotations of that broker or dealer is not an interdealer quotation system.

The **average trading price** is the average price of all transactions (weighted by volume), other than original issue or redemption transactions, conducted through a United States office of a broker or dealer who maintains a market in the issue of the security during the computation period. Bid and asked quotations are not taken into account.

The **computation period** is weekly during October through December and monthly during January through September. The weekly computation periods during October through December begin with the first Monday in October and end with the first Sunday following the last Monday in December.

Nonpublicly traded stock. If you contribute nonpublicly traded stock, for which you claim a deduction of \$10,000 or less, a qualified appraisal is not required. However, you must attach to your tax return a partially completed appraisal summary (Parts I and IV of Section B, Form 8283) signed by the donee.

Qualified Appraisal

Generally, if the claimed deduction for an item or group of similar items of donated property is more than \$5,000, you must get a qualified appraisal made by a qualified appraiser and you must attach an appraisal summary to your tax return. See *Deductions of More Than \$5,000*, earlier.

A qualified appraisal is an appraisal document that:

- 1) Relates to an appraisal made not earlier than 60 days prior to the date of contribution of the appraised property,
- 2) Does not involve a prohibited appraisal fee,
- 3) Includes certain information (covered later), and
- 4) Is prepared, signed, and dated by a qualified appraiser (defined later).

You must receive the qualified appraisal before the due date, including extensions, of the return on which a charitable contribution deduction is first claimed for the donated property. If the deduction is first claimed on an amended return, the qualified appraisal must be received before the date on which the amended return is filed.

An appraisal summary (discussed later) must be attached to your tax return. Generally, you do not need to attach the qualified appraisal itself, but you should keep a copy as long as it may be relevant under the tax law. If you donated art valued at \$20,000 or more, however, you must attach a complete copy of the signed appraisal. See *Paintings, Antiques, and Other Objects of Art*, discussed earlier under *Valuation of Various Kinds of Property*.

Prohibited appraisal fee. Generally, no part of the fee arrangement for a qualified appraisal can be based on a percentage of the appraised value of the property. If a fee arrangement is based on what is allowed as a deduction, after Internal Revenue Service examination or otherwise, it is treated as a fee based on a percentage of appraised value. However, appraisals are not disqualified when an otherwise prohibited fee is paid to a generally recognized association that regulates appraisers if:

- The association is not organized for profit and no part of its net earnings benefits any private shareholder or individual,
- The appraiser does not receive any compensation from the association or any other persons for making the appraisal, and
- The fee arrangement is not based in whole or in part on the amount of the appraised value that is allowed as a deduction after an Internal Revenue Service examination or otherwise.

Information included in qualified appraisal. A qualified appraisal must include the following information:

- 1) A description of the property in sufficient detail for a person who is not generally familiar with the type of property to determine that the property appraised is the property that was (or will be) contributed,
- 2) The physical condition of any tangible property,
- 3) The date (or expected date) of contribution,
- 4) The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor that relates to the use, sale, or other disposition of the donated property,
- 5) The name, address, and taxpayer identification number of the qualified appraiser and, if the appraiser is a partner, an employee, or an independent contractor engaged by a person other than the donor, the name, address, and taxpayer identification number of the partnership or the person who employs or engages the appraiser,
- 6) The qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and any membership in professional appraisal associations,
- 7) A statement that the appraisal was prepared for income tax purposes,
- 8) The date (or dates) on which the property was valued,
- 9) The appraised FMV on the date (or expected date) of contribution,
- 10) The method of valuation used to determine FMV, such as the income approach, the comparable sales or market data approach, or the replacement cost less depreciation approach, and
- 11) The specific basis for the valuation, such as any specific comparable sales transaction.

Art objects. The following are examples of information that should be included in a description of donated property. These examples are for art objects. A similar detailed breakdown should be given for other property. Appraisals of art objects—paintings in particular—should include:

- 1) A complete description of the object, indicating the:
 - a) Size,
 - b) Subject matter,
 - c) Medium,
 - d) Name of the artist (or culture), and
 - e) Approximate date created.
- 2) The cost, date, and manner of acquisition.
- 3) A history of the item, including proof of authenticity.
- 4) A photograph of a size and quality fully showing the object, preferably a 10 × 12 inch print.
- 5) The facts on which the appraisal was based, such as:
 - a) Sales or analyses of similar works by the artist, particularly on or around the valuation date.
 - b) Quoted prices in dealer's catalogs of the artist's works or works of other artists of comparable stature.
 - c) A record of any exhibitions at which the specific art object had been displayed.
 - d) The economic state of the art market at the time of valuation, particularly with respect to the specific property.
 - e) The standing of the artist in his profession and in the particular school or time period.

Number of qualified appraisals. A separate qualified appraisal is required for each item of property that is not included in a group of similar items of property. You need only one qualified appraisal for a group of similar items of property contributed in the same tax year, but you may get separate appraisals for each item. A qualified appraisal for a group of similar items must provide all of the required information for each item of similar property. The appraiser, however, may provide a group description for selected items, the total value of which is not more than \$100.

Qualified appraiser. A qualified appraiser is an individual who declares on the appraisal summary that he or she:

- Holds himself or herself out to the public as an appraiser or performs appraisals on a regular basis,
- Is qualified to make appraisals of the type of property being valued because of his or her qualifications described in the appraisal,
- Is not an excluded individual, and
- Understands that an intentionally false overstatement of the value of property may subject him or her to the penalty for aiding and abetting an understatement of tax liability.

An appraiser must complete Part III of Section B (Form 8283) to be considered a qualified appraiser. More than one appraiser may appraise the property, provided that each complies with the requirements, including signing the qualified appraisal and appraisal summary.

Excluded individuals. The following persons cannot be qualified appraisers with respect to particular property:

- 1) The donor of the property, or the taxpayer who claims the deduction.
- 2) The donee of the property.
- 3) A party to the transaction in which the donor acquired the property being appraised, unless the property is donated within 2 months of the date of acquisition and its appraised value does not exceed its acquisition price. This applies to the person who sold, exchanged, or gave the property to the donor, or any person who acted as an agent for the transferor or donor in the transaction.
- 4) Any person employed by, married to, or related under section 267(b) of the Internal Revenue Code, to any of the above persons. For example, if the donor acquired a painting from an art dealer, neither the dealer nor persons employed by the dealer can be qualified appraisers for that painting.
- 5) An appraiser who appraises regularly for a person in (1), (2), or (3), and who does not perform a majority of his or her appraisals made during his or her tax year for other persons.

In addition, a person is not a qualified appraiser for a particular donation if the donor had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the donated property. For example, if the donor and the appraiser make an agreement concerning the amount at which the property will be valued, and the donor knows that such amount exceeds the FMV of the property, the appraiser is not a qualified appraiser for the donation.

Penalties. Any appraiser who falsely or fraudulently overstates the value of property described in a qualified appraisal or an appraisal summary that the appraiser has signed may be subject to a civil penalty for aiding and abetting an understatement of tax liability, and may have his or her appraisal disregarded.

Appraisal Summary

Generally, if the claimed deduction for an item of donated property is more than \$5,000, you must attach an appraisal summary (Form 8283) to your tax return. Only a partially completed appraisal summary is required in some situations. See *Deductions of More Than \$5,000*, earlier.

Note: If you deduct \$20,000 or more for donated art, you must attach a complete copy of the signed appraisal. See *Paintings, Antiques, and Other Objects of Art*, discussed earlier under *Valuation of Various Kinds of Property*.

Form 8283. Section B of Form 8283 is the appraisal summary. If you do not attach the form to your return, the deduction will not be allowed unless your failure to attach it was due to a good faith omission. If the IRS re-

quests that you submit the form because you did not attach it to your return, you must comply within 90 days of the request or the deduction will be disallowed.

You must attach a separate Form 8283 for each item of contributed property that is not part of a group of similar items. If you contribute similar items of property to the same donee organization, you need attach only one Form 8283 for those items. If you contribute similar items of property to more than one donee organization, you must attach a separate form for each donee.

Internal Revenue Service Review of Appraisals

In reviewing an income tax return, the Service may accept the claimed value of the donated property, based on information or appraisals sent with the return, or may make its own determination of FMV. In either case, the Service may:

- Contact the taxpayer to get more information,
- Refer the valuation problem to a Service appraiser or valuation specialist,
- Refer the issue to the Commissioner's Art Advisory Panel (a 25-member group of dealers and museum directors who review and recommend acceptance or adjustment of taxpayers' claimed values for major paintings and sculptures, Far Eastern and Asian art, Primitive and Pre-Columbian art), or
- Contract with an independent dealer, scholar, or appraiser to appraise the property when the objects require appraisers of highly specialized experience and knowledge.

Responsibility of the Service. The Service is responsible for reviewing appraisals, but it is not responsible for making them. Supporting the FMV listed on your return is your responsibility.

The Service does not accept appraisals without question. Nor does the Service recognize any particular appraiser or organization of appraisers.

Timing of Service action. The Service generally does not approve valuations or appraisals before the actual filing of the tax return to which the appraisal applies. In addition, the Service generally does not issue advance rulings approving or disapproving such appraisals.

Exception. On January 16, 1996, the Service began accepting requests for a **Statement of Value** for a donated item of art appraised at \$50,000 or more. For a request submitted as described earlier under *Art valued at \$50,000 or more*, the Service will issue a Statement of Value that can be relied on by the donor of the item of art.

Penalties

You may be liable for a penalty if you overstate the value or adjusted basis of donated property.

20% penalty. The penalty is 20% of the underpayment of tax related to the overstatement if:

- 1) The value or adjusted basis claimed on the return is 200% or more of the correct amount, and
- 2) You underpaid your tax by more than \$5,000 because of the overstatement.


40% penalty. The penalty is 40%, rather than 20%, if:

- 1) The value or adjusted basis claimed on the return is 400% or more of the correct amount, and
- 2) You underpaid your tax by more than \$5,000 because of the overstatement.

How To Get More Information


You can order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

 **Personal computer.** With your personal computer and modem, you can access the IRS on the Internet at www.irs.gov. While visiting our web site, you can select:

- *Frequently Asked Tax Questions* (located under *Taxpayer Help & Ed*) to find answers to questions you may have.
- *Forms & Pubs* to download forms and publications or search for forms and publications by topic or keyword.
- *Fill-in Forms* (located under *Forms & Pubs*) to enter information while the form is displayed and then print the completed form.
- *Tax Info For You* to view Internal Revenue Bulletins published in the last few years.
- *Tax Regs in English* to search regulations and the Internal Revenue Code (under *United States Code (USC)*).
- *Digital Dispatch* and *IRS Local News Net* (both located under *Tax Info For Business*) to receive our electronic newsletters on hot tax issues and news.
- *Small Business Corner* (located under *Tax Info For Business*) to get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at ftp.irs.gov.

 **TaxFax Service.** Using the phone attached to your fax machine, you can receive forms and instructions by calling **703-368-9694**. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you

need. The items you request will be faxed to you.



Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call **1-800-829-3676** to order current and prior year forms, instructions, and publications.
- *Asking tax questions.* Call the IRS with your tax questions at **1-800-829-1040**.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistant and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistants objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.



Walk-in. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Also, some libraries and IRS offices have:

- An extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.
- The Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the address that applies to your part of the country.

- **Western part of U.S.:** Western Area Distribution Center
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:** Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903

• **Eastern part of U.S. and foreign addresses:**

Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074

- Current tax forms, instructions, and publications.
- Prior-year tax forms, instructions, and publications.
- Popular tax forms which may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

by calling **1-877-233-6767** or on the Internet at **www.irs.gov/cdorders**. The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *Small Business Resource Guide*, is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1-800-829-3676**.



CD-ROM. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

The CD-ROM can be purchased from National Technical Information Service (NTIS)

Index

A	Terms of purchase or sale 2	L	Replacement cost 3
Aircraft 5		Life insurance 7	Reversion interests 6
Annuities 6	D		
Annuity contracts 7	Date of contribution 2	M	S
Antiques 4	Deductions of more than \$5,000 . 8	Market conditions, effect on value 3	Stamps 4
Appraisal summary 9		More information 10	Statement of Value 10
Appraisals 8, 9, 10	F		Stocks 5
Appraisal summary 9	Fair market value 2, 3	N	
Cost of 8	Comparable properties, sales	Nonpublicly traded stock 8	T
IRS review of 10	of 2		Tax help (See More information)
Penalties, overstated value 9	Cost 2	O	TTY/TDD information 10
Qualified appraisal 8	Date of contribution 2	Opinions of experts 3	
Qualified appraiser 9	Determining FMV 2		U
Art objects 4	Opinions of experts 3		Used clothing 4
Valued at \$20,000 or more 4	Problems in determining FMV 3	P	
Valued at \$50,000 or more 4	Replacement cost 3	Paintings 4	V
Assistance (See More information)	Form 8283 9	Partial interest 7	Valuation of property 4, 5, 6, 7
	Formulas, use in valuing property 2	Past events, effect on value 3	Annuities 6
	Free tax services 10	Penalty, overstated value 10	Cars, boats, and aircraft 5
	Future events, effect on value 3	Publications (See More information)	Collections 4
		Publicly traded securities 8	Household goods 4
B			Interest in a business 6
Boats 5	H	Q	Inventory 5
Bonds 5	Help (See More information)	Qualified appraisal 8	IRS review of appraisals 10
Books 5	Household goods 4	Qualified appraiser 9	Exception 10
		Qualified conservation	
C		contribution 7	
Cars 5	I		R
Coins 4	Interest in a business 6	Real estate 6	Real estate 6
Collections 4, 5	Inventory 5	Remainder interests 6	
Books 5	IRS review of appraisals 10		
Coins 4	Exception 10		
Stamps 4			
Comparable properties, sales	J		
of 2, 3	Jewelry and gems 4		
Conservation contribution 7			
Cost 2			
Rate of increase or decrease 2			

Donee Information Return
 (Sale, Exchange, or Other Disposition of Donated Property)

OMB No. 1545-0908

Give a Copy to Donor

▶ See instructions on back.

Please Print or Type	Name of charitable organization (donee)	Employer identification number
	Address (number, street, and room or suite no.)	⋮
	City or town, state, and ZIP code	

Part I Information on ORIGINAL DONOR and DONEE Receiving the Property

1a Name(s) of the original donor of the property	1b Identifying number
--------------------------------------------------	-----------------------

Note: Complete lines 2a–2d only if you gave this property to another charitable organization (successor donee).

2a Name of charitable organization	2b Employer identification number
	⋮
2c Address (number, street, and room or suite no.)	
2d City or town, state, and ZIP code	

Note: If you are the original donee, skip Part II and go to Part III now.

Part II Information on PREVIOUS DONEES—Complete this part only if you were not the first donee to receive the property.
 If you were the second donee, leave lines 4a–4d blank. If you were a third or later donee, complete lines 3a–4d. On lines 4a–4d, give information on the preceding donee (the one who gave you the property).

3a Name of original donee	3b Employer identification number
	⋮

3c Address (number, street, and room or suite no.)	
3d City or town, state, and ZIP code	

4a Name of preceding donee	4b Employer identification number
	⋮

4c Address (number, street, and room or suite no.)	
4d City or town, state, and ZIP code	

Part III Information on DONATED PROPERTY—If you are the original donee, leave column (c) blank.

(a) Description of donated property sold, exchanged, or otherwise disposed of (if you need more space, attach a separate statement)	(b) Date you received the item(s)	(c) Date the first donee received the item(s)	(d) Date item(s) sold, exchanged, or otherwise disposed of	(e) Amount received upon disposition

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Donee organizations use Form 8282 to report information to the IRS about dispositions of certain charitable deduction property made within 2 years after the donor contributed the property.

Definitions

Note: For Form 8282 and these instructions, the term "donee" includes all donees, unless specific reference is made to "original" or "successor" donees.

Original donee. The first donee to or for which the donor gave the property. The original donee is required to sign an Appraisal Summary presented by the donor for charitable deduction property.

Successor donee. Any donee of property other than the original donee.

Appraisal summary. Section B of Form 8283, Noncash Charitable Contributions.

Charitable deduction property. Property (other than money or certain publicly traded securities) for which the original donee signed, or was presented with for signature, the Appraisal Summary (Form 8283, Section B).

Generally, only items or groups of similar items for which the donor claimed a deduction of more than \$5,000 are included on the Appraisal Summary. There is an exception if a donor gives similar items to more than one donee organization and the total deducted for these similar items exceeds \$5,000. For example, if a donor deducts \$2,000 for books given to a donee organization and \$4,000 for books to another donee organization, the donor must present a separate Appraisal Summary to each organization. For more information, see the Instructions for Form 8283.

Who Must File

Original and successor donee organizations must file Form 8282 if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property within 2 years after the date the original donee received the property. See **Charitable deduction property** earlier.

Exceptions. There are two situations where Form 8282 does not have to be filed.

1. Items valued at \$500 or less. You do not have to file Form 8282 if, at the time the original donee signed the Appraisal Summary, the donor had signed a statement on Form 8283 that the appraised value of the specific item was not more than \$500. If Form 8283 contains more than one similar item, this exception applies only to those items that are clearly identified as having a value of \$500 or less. However, for purposes of the donor's

determination of whether the appraised value of the item exceeds \$500, all shares of nonpublicly traded stock, or items that form a set, are considered one item. For example, a collection of books written by the same author, components of a stereo system, or six place settings of a pattern of silverware are considered one item.

2. Items consumed or distributed for charitable purpose. You do not have to file Form 8282 if an item is consumed or distributed, without consideration, in fulfilling your purpose or function as a tax-exempt organization. For example, no reporting is required for medical supplies consumed or distributed by a tax-exempt relief organization in aiding disaster victims.

When To File

If you dispose of charitable deduction property within 2 years of the date the original donee received it and you do not meet exception **1** or **2** above, you must file Form 8282 within 125 days after the date of disposition.

Exception. If you did not file because you had no reason to believe the substantiation requirements applied to the donor, but you later become aware that they did apply, file Form 8282 within 60 days after the date you become aware you are liable. For example, this exception would apply where an Appraisal Summary is furnished to a successor donee after the date that donee disposes of the charitable deduction property.

Missing Information

If Form 8282 is filed by the due date, you must enter your organization's name, address, and EIN and complete at least Part III, column (a). You do not have to complete the remaining items if the information is not available. For example, you may not have the information necessary to complete all entries if the donor's Appraisal Summary is not available to you.

Where To File

Send Form 8282 to the Internal Revenue Service, Ogden, UT 84201-0027.

Penalty

You may be subject to a penalty if you fail to file this form by the due date, fail to include all of the information required to be shown on this form, or fail to include correct information on this form (see **Missing Information** above). The penalty is generally \$50. For more details, see section 6721.

Other Requirements

Information you must give a successor donee. If the property is transferred to another charitable organization within the 2-year period discussed earlier, you must give your successor donee all of the following information.

1. The name, address, and EIN of your organization.

2. A copy of the Appraisal Summary (the Form 8283 that you received from the donor or a preceding donee).

3. A copy of this Form 8282, within 15 days after you file it.

You must furnish items **1** and **2** above within 15 days after the latest of the date:

- You transferred the property,
- The original donee signed the Appraisal Summary, or
- You received a copy of the Appraisal Summary from the preceding donee if you are also a successor donee.

Information the successor donee must give you. The successor donee organization to whom you transferred this property is required to give you their organization's name, address, and EIN within 15 days after the later of:

- The date you transferred the property, or
- The date they received a copy of the Appraisal Summary.

Information you must give the donor. You must give a copy of your Form 8282 to the original donor of the property.

Recordkeeping. You must keep a copy of the Appraisal Summary in your records.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	3 hr., 7 min.
Learning about the law or the form	35 min.
Preparing and sending the form to the IRS	41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, see **Where To File** on this page.

Noncash Charitable Contributions

▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**
▶ **See separate instructions.**

OMB No. 1545-0908

Attachment
Sequence No. **55**

Name(s) shown on your income tax return

Identifying number

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A—List in this section only items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is over \$5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

	1	(a) Name and address of the donee organization	(b) Description of donated property
A			
B			
C			
D			
E			

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

Part II Other Information—Complete line 2 if you gave less than an entire interest in property listed in Part I. Complete line 3 if conditions were attached to a contribution listed in Part I.

- 2** If, during the year, you contributed less than the entire interest in the property, complete lines a–e.
- a** Enter the letter from Part I that identifies the property ▶ _____. If Part II applies to more than one property, attach a separate statement.
 - b** Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ _____ .
(2) For any prior tax years ▶ _____ .
 - c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
Name of charitable organization (donee) _____
Address (number, street, and room or suite no.) _____
City or town, state, and ZIP code _____
 - d** For tangible property, enter the place where the property is located or kept ▶ _____
 - e** Name of any person, other than the donee organization, having actual possession of the property ▶ _____

3 If conditions were attached to any contribution listed in Part I, answer questions a – c and attach the required statement (see instructions).

- a** Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?
- b** Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?
- c** Is there a restriction limiting the donated property for a particular use?

	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

Name(s) shown on your income tax return

Identifying number

Section B—Appraisal Summary—List in this section only items (or groups of similar items) for which you claimed a deduction of more than \$5,000 per item or group. **Exception.** Report contributions of certain publicly traded securities only in Section A.

If you donated art, you may have to attach the complete appraisal. See the **Note** in Part I below.

Part I Information on Donated Property—To be completed by the taxpayer and/or appraiser.

4 Check type of property:

- Art* (contribution of \$20,000 or more)
 Real Estate
 Gems/Jewelry
 Stamp Collections
 Art* (contribution of less than \$20,000)
 Coin Collections
 Books
 Other

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antique furniture, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

Note: If your total art contribution deduction was \$20,000 or more, you must attach a complete copy of the signed appraisal. See instructions.

5	(a) Description of donated property (if you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition at the time of the gift	(c) Appraised fair market value
A			
B			
C			
D			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See instructions	
					(h) Amount claimed as a deduction	(i) Average trading price of securities
A						
B						
C						
D						

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ▶ _____

Signature of taxpayer (donor) ▶ _____

Date ▶ _____

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this appraisal summary may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I affirm that I have not been barred from presenting evidence or testimony by the Director of Practice.

Sign

Here

Signature ▶ _____

Title ▶ _____

Date of appraisal ▶ _____

Business address (including room or suite no.)

Identifying number

City or town, state, and ZIP code

Part IV Donee Acknowledgment—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on ▶ _____

(Date)

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 2 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ▶ Yes No

Name of charitable organization (donee)	Employer identification number	
Address (number, street, and room or suite no.)	City or town, state, and ZIP code	
Authorized signature	Title	Date

Instructions for Form 8283

(Revised October 1998)



Department of the Treasury
Internal Revenue Service

Noncash Charitable Contributions

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Use Form 8283 to report information about noncash charitable contributions.

Do not use Form 8283 to report out-of-pocket expenses for volunteer work or amounts you gave by check or credit card. Treat these items as cash contributions. Also, **do not** use Form 8283 to figure your charitable contribution deduction. For details on how to figure the amount of the deduction, see your tax return instructions.

Additional Information

You may want to see **Pub. 526**, Charitable Contributions (for individuals), and **Pub. 561**, Determining the Value of Donated Property. If you contributed depreciable property, see **Pub. 544**, Sales and Other Dispositions of Assets.

Who Must File

You must file Form 8283 if the amount of your deduction for all noncash gifts is more than \$500. For this purpose, "amount of your deduction" means your deduction **before** applying any income limits that could result in a carryover. The carryover rules are explained in Pub. 526. Make any required reductions to fair market value (FMV) before you determine if you must file Form 8283. See **Fair Market Value (FMV)** on page 2.

Form 8283 is filed by individuals, partnerships, and corporations.

Note: *C corporations, other than personal service corporations and closely held corporations, must file Form 8283 only if the amount claimed as a deduction is over \$5,000.*

Partnerships and S corporations. A partnership or S corporation that claims a deduction for noncash gifts over \$500 must file Form 8283 with Form 1065, 1065-B, or 1120S. If the total deduction of any item or group of similar items exceeds \$5,000, the partnership or S corporation must complete Section B of Form 8283 even if the amount allocated to each partner or shareholder does not exceed \$5,000.

The partnership or S corporation must give a completed copy of Form 8283 to each partner or shareholder receiving an allocation of the contribution deduction shown in Section B of the partnership's or S corporation's Form 8283.

Partners and shareholders. The partnership or S corporation will provide information about your share of the contribution on your Schedule K-1 (Form 1065 or 1120S).

In some cases, the partnership or S corporation must give you a copy of its Form 8283. If you received a copy of Form 8283 from the partnership or S corporation, attach a copy to your tax return. Deduct the amount shown on

your Schedule K-1, not the amount shown on the Form 8283.

If the partnership or S corporation is not required to give you a copy of its Form 8283, combine the amount of noncash contributions shown on your Schedule K-1 with your other noncash contributions to see if you must file Form 8283. If you need to file Form 8283, you do not have to complete all the information requested in Section A for your share of the partnership's or S corporation's contributions. Complete only column (g) of line 1 with your share of the contribution and enter "From Schedule K-1 (Form 1065 or 1120S)" across columns (c)–(f).

When To File

File Form 8283 with your tax return for the year you contribute the property and first claim a deduction.

Which Sections To Complete

If you must file Form 8283, you may need to complete Section A, Section B, or both, depending on the type of property donated and the amount claimed as a deduction.

Section A. Include in Section A only items (or groups of similar items as defined on this page) for which you claimed a deduction of \$5,000 or less per item (or group of similar items). Also, include the following publicly traded securities even if the deduction is more than \$5,000.

- Securities listed on an exchange in which quotations are published daily,
- Securities regularly traded in national or regional over-the-counter markets for which published quotations are available, or
- Securities that are shares of a mutual fund for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

Section B. Include in Section B only items (or groups of similar items) for which you claimed a deduction of more than \$5,000 (omit publicly traded securities reportable in Section A). With certain exceptions, items reported in Section B will require information based on a written appraisal by a qualified appraiser.

Similar Items of Property

Similar items of property are items of the same generic category or type, such as stamp collections, coin collections, lithographs, paintings, books, nonpublicly traded stock, land, or buildings.

Example. You claimed a deduction of \$400 for clothing, \$7,000 for publicly traded securities (quotations published daily), and \$6,000 for a collection of 15 books (\$400 each). Report the clothing and securities in Section A and the books (a group of similar items) in Section B.

Special Rule for Certain C Corporations

A special rule applies for deductions taken by certain C corporations under section 170(e)(3) or (4) for contributions of inventory or scientific equipment.

Cat. No. 62730R

To determine if you must file Form 8283 or which section to complete, use the difference between the amount you claimed as a deduction and the amount you would have claimed as cost of goods sold (COGS) had you sold the property instead. This rule is **only** for purposes of Form 8283. It does not change the amount or method of figuring your contribution deduction.

If you do not have to file Form 8283 because of this rule, you must attach a statement to your tax return (similar to the one in the example below). Also, attach a statement if you must complete Section A, instead of Section B, because of this rule.

Example. You donated clothing from your inventory for the care of the needy. The clothing cost you \$5,000 and your claimed charitable deduction is \$8,000. Complete Section A instead of Section B because the difference between the amount you claimed as a charitable deduction and the amount that would have been your COGS deduction is \$3,000 (\$8,000 – \$5,000). Attach a statement to Form 8283 similar to the following:

Form 8283—Inventory

Contribution deduction	\$8,000
COGS (if sold, not donated)	– 5,000
For Form 8283 filing purposes	= \$3,000

Fair Market Value (FMV)

Although the **amount** of your deduction determines if you have to file Form 8283, you also need to have information about the **value** of your contribution to complete the form.

FMV is the price a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither has to buy or sell.

You may not always be able to deduct the FMV of your contribution. Depending on the type of property donated, you may have to reduce the FMV to get to the deductible amount, as explained next.

Reductions to FMV. The amount of the reduction (if any) depends on whether the property is ordinary income property or capital gain property. Attach a statement to your tax return showing how you figured the reduction.

Ordinary income property is property that would result in ordinary income or short-term capital gain if it were sold at its FMV on the date it was contributed. Examples of ordinary income property are inventory, works of art created by the donor, and capital assets held for 1 year or less. The deduction for a gift of ordinary income property is limited to the FMV minus the amount that would be ordinary income or short-term capital gain if the property were sold.

Capital gain property is property that would result in long-term capital gain if it were sold at its FMV on the date it was contributed. It includes certain real property and depreciable property used in your trade or business, and generally held for more than 1 year. You usually may deduct gifts of capital gain property at their FMV. However, you must reduce the FMV by the amount of any appreciation if any of the following apply.

- The capital gain property is contributed to certain private nonoperating foundations. This rule does not apply to qualified appreciated stock.
- You choose the 50% limit instead of the special 30% limit.

- The contributed property is tangible personal property that is put to an **unrelated use** (as defined in Pub. 526) by the charity.

Qualified conservation contribution. If your donation qualifies as a “qualified conservation contribution” under section 170(h), attach a statement showing the FMV of the underlying property before and after the gift and the conservation purpose furthered by the gift. See Pub. 561 for more details.

Specific Instructions

Identifying number. Individuals must enter their social security number or individual taxpayer identification number. All other filers should enter their employer identification number.

Section A

Part I, Information on Donated Property

Line 1

Column (b). Describe the property in sufficient detail. The greater the value, the more detail you need. For example, a car should be described in more detail than pots and pans.

For securities, include the following:

- Name of the issuer,
- Kind of security,
- Whether a share of a mutual fund, and
- Whether regularly traded on a stock exchange or in an over-the-counter market.

Note: *If the amount you claimed as a deduction for the item is \$500 or less, you do not have to complete columns (d), (e), and (f).*

Column (d). Enter the approximate date you acquired the property. If it was created, produced, or manufactured by or for you, enter the date it was substantially completed.

Column (e). State how you acquired the property (i.e., by purchase, gift, inheritance, or exchange).

Column (f). **Do not** complete this column for publicly traded securities or property held 12 months or more. Keep records on cost or other basis.

Note: *If you have reasonable cause for not providing the information in columns (d) and (f), attach an explanation.*

Column (g). Enter the FMV of the property on the date you donated it. If you were required to reduce the FMV of your deduction or you gave a qualified conservation contribution, you must attach a statement. See **Fair Market Value (FMV)** on this page for the type of statement to attach.

Column (h). Enter the method(s) you used to determine the FMV. The FMV of used household goods and clothing is usually much lower than when new. A good measure of value might be the price that buyers of these used items actually pay in consignment or thrift shops.

Examples of entries to make include “Appraisal,” “Thrift shop value” (for clothing or household goods), “Catalog” (for stamp or coin collections), or “Comparable sales” (for real estate and other kinds of assets). See Pub. 561.

Part II, Other Information

If Part II applies to more than one property, attach a separate statement. Give the required information for

each property separately. Identify which property listed in Part I the information relates to.

Lines 2a Through 2e

Complete lines 2a–2e only if you contributed less than the entire interest in the donated property during the tax year. On line 2b, enter the amount claimed as a deduction for this tax year and in any prior tax years for gifts of a partial interest in the same property.

Lines 3a Through 3c

Complete lines 3a–3c only if you attached restrictions to the right to the income, use, or disposition of the donated property. An example of a “restricted use” is furniture that you gave only to be used in the reading room of an organization’s library. Attach a statement explaining (1) the terms of any agreement or understanding regarding the restriction, and (2) whether the property is designated for a particular use.

Section B

Part I, Information on Donated Property

You must have a written appraisal from a qualified appraiser that supports the information in Part I. However, see the **Exceptions** below.

Use Part I to summarize your appraisal(s). Generally, you do not need to attach the appraisals but you should keep them for your records. But see **Art valued at \$20,000 or more** below.

Exceptions. You do not need a written appraisal if the property is:

- Nonpublicly traded stock of \$10,000 or less,
- Certain securities considered to have market quotations readily available (see Regulations section 1.170A-13(c)(7)(xi)(B)),
- A donation by a C corporation (other than a closely held corporation or personal service corporation), or
- Inventory and other property donated by a closely held corporation or a personal service corporation that are “qualified contributions” for the care of the ill, the needy, or infants, within the meaning of section 170(e)(3)(A).

Although a written appraisal is not required for the types of property listed above, you must provide certain information in Part I of Section B (see Regulations section 1.170A-13(c)(4)(iv)) and have the donee organization complete Part IV.

Art valued at \$20,000 or more. If your total deduction for art is \$20,000 or more, you must attach a complete copy of the signed appraisal. For individual objects valued at \$20,000 or more, a photograph must be provided upon request. The photograph must be of sufficient quality and size (preferably an 8 x 10 inch color photograph or a color transparency no smaller than 4 x 5 inches) to fully show the object.

Appraisal Requirements

The appraisal must be made not earlier than 60 days before the date you contribute the property. You must receive the appraisal before the due date (including extensions) of the return on which you first claim a deduction for the property. For a deduction first claimed on an amended return, the appraisal must be received before the date the amended return was filed.

A separate qualified appraisal and a separate Form 8283 are required for each item of property except for an item that is part of a group of similar items. Only one appraisal is required for a group of similar items contributed in the same tax year, if it includes all the required information for each item. The appraiser may group similar items with a collective value appraised at \$100 or less.

If you gave similar items to more than one donee for which you claimed a total deduction of more than \$5,000, you must attach a separate form for each donee.

Example. You claimed a deduction of \$2,000 for books given to College A, \$2,500 for books given to College B, and \$900 for books given to a public library. You must attach a separate Form 8283 for each donee.

See Regulations section 1.170A-13(c)(3)(i)–(ii) for the definition of a “qualified appraisal” and information to be included in the appraisal.

Line 5

Note: You **must** complete at least column (a) of line 5 (and column (b) if applicable) before submitting Form 8283 to the donee. You may then complete the remaining columns.

Column (a). Provide enough detail so a person unfamiliar with the property could identify it in the appraisal.

Column (c). Include the FMV from the appraisal. If you were not required to get an appraisal, include the FMV you determine to be correct.

Columns (d)–(f). If you have reasonable cause for not providing the information in columns (d), (e), or (f), attach an explanation so your deduction will not automatically be disallowed.

Column (g). A bargain sale is a transfer of property that is in part a sale or exchange and in part a contribution. Enter the amount received for bargain sales.

Column (h). Complete column (h) only if you were not required to get an appraisal, as explained earlier.

Column (i). Complete column (i) only if you donated securities for which market quotations are considered to be readily available because the issue satisfies the five requirements described in Regulations section 1.170A-13(c)(7)(xi)(B).

Part II, Taxpayer (Donor) Statement

Complete Part II for each item included in Part I that has an appraised value of \$500 or less. Because you do not have to show the value of these items in Part I of the donee’s copy of Form 8283, clearly identify them for the donee in Part II. Then, the donee does not have to file **Form 8282**, Donee Information Return, for items valued at \$500 or less. See the **Note** on page 4 for more details about filing Form 8282.

The amount of information you give in Part II depends on the description of the donated property you enter in Part I. If you show a single item as “Property A” in Part I and that item is appraised at \$500 or less, then the entry “Property A” in Part II is enough. However, if “Property A” consists of several items and the total appraised value is over \$500, list in Part II any item(s) you gave that is valued at \$500 or less.

All shares of nonpublicly traded stock or items in a set are considered one item. For example, a book collection by the same author, components of a stereo system, or six place settings of a pattern of silverware are one item

for the \$500 test.

Example. You donated books valued at \$6,000. The appraisal states that one of the items, a collection of books by author "X," is worth \$400. On the Form 8283 that you are required to give the donee, you decide not to show the appraised value of all of the books. But you also do not want the donee to have to file Form 8282 if the collection of books is sold. If your description of Property A on line 5 includes all the books, then specify in Part II the "collection of books by X included in Property A." But if your Property A description is "collection of books by X," the only required entry in Part II is "Property A."

In the above example, you may have chosen instead to give a completed copy of Form 8283 to the donee. The donee would then be aware of the value. If you include all the books as Property A on line 5, and enter \$6,000 in column (c), you may still want to describe the specific collection in Part II so the donee can sell it without filing Form 8282.

Part III, Declaration of Appraiser

If you had to get an appraisal, the appraiser **must** complete Part III to be considered qualified. See Regulations section 1.170A-13(c)(5) for a definition of a qualified appraiser.

Persons who cannot be qualified appraisers are listed in the Declaration of Appraiser. Usually, a party to the transaction will not qualify to sign the declaration. But a person who sold, exchanged, or gave the property to you may sign the declaration if the property was donated within 2 months of the date you acquired it and the property's appraised value did not exceed its acquisition price.

An appraiser may not be considered qualified if you had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the property. An example of this is an agreement between you and the appraiser about the property value when you know that the appraised amount exceeds the actual FMV.

Usually, appraisal fees cannot be based on a percentage of the appraised value unless the fees were paid to certain not-for-profit associations. See Regulations section 1.170A-13(c)(6)(ii).

Part IV, Donee Acknowledgment

The donee organization that received the property described in Part I of Section B must complete Part IV. Before submitting page 2 of Form 8283 to the donee for acknowledgment, complete at least your name, identifying number, and description of the donated property (line 5, column (a)). If tangible property is donated, also describe its physical condition (line 5, column (b)) at the time of the gift. Complete Part II, if applicable, before submitting the form to the donee. See the instructions for Part II.

The person acknowledging the gift must be an official authorized to sign the tax returns of the organization, or a person specifically designated to sign Form 8283. After completing Part IV, the organization must return Form 8283 to you, the donor. You must give a copy of Section B of this form to the donee organization. You may then complete any remaining information required in Part I. Also, Part III may be completed at this time by the qualified appraiser.

In some cases, it may be impossible to get the donee's signature on the Appraisal Summary. The deduction will not be disallowed for that reason if you attach a detailed explanation why it was impossible.

Note: *If the donee (or a successor donee) organization disposes of the property within 2 years after the date the original donee received it, the organization must file **Form 8282, Donee Information Return**, with the IRS and send a copy to the donor. An exception applies to items having a value of \$500 or less if the donor identified the items and signed the statement in Part II (Section B) of Form 8283. See the instructions for Part II.*

Failure To File Form 8283, Section B

If you fail to attach Form 8283 to your return for donated property that is required to be reported in Section B, your deduction will be disallowed unless your failure was due to a good-faith omission. If the IRS asks you to submit the form, you have 90 days to send a completed Section B of Form 8283 before your deduction is disallowed.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 20 min.; **Learning about the law or the form**, 29 min.; **Preparing the form**, 37 min.; **Copying, assembling, and sending the form to the IRS**, 35 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Appendix C:

Investment Policy

For the National Spiritual Assembly of the Bahá'ís of the United States (1998)

This policy is not intended to apply to, or serve as a model for, the investment, control and safekeeping of funds of any Bahá'í institution except the National Spiritual Assembly. The National Spiritual Assembly and the Office of the Treasurer cannot provide individuals with specific investment or tax advice. Considering whether one would be comfortable defending investment decisions to the press may serve as a good test.

I. Introduction and Purpose

The purpose of this Investment Policy is to set forth operating procedures from the National Spiritual Assembly of the Bahá'ís of the United States to guide the administration of the investment portfolios managed on its behalf by the Office of the Treasurer (also referred to as the “Treasurer’s Office”).

This statement of Investment policy outlines the objectives, goals, and guidelines for the Bahá'í Funds and is set forth in order to achieve the general objectives outlined below.

- A. There is to be a clear understanding on the part of the Treasurer’s Office regarding the investment objectives and policies for investment of the funds of the Bahá'í Faith.
- B. The Treasurer’s Office shall have a meaningful basis for the evaluation of portfolio performance in terms of meeting the financial targets and following the guidelines of this policy.
- C. In those cases where a professional, external investment manager(s) is chosen, such manager should be given guidance and limitations in the investment of the Fund’s assets; in this document such manager or man-

agers will be termed “Investment Manager.” This definition also applies to mutual funds or similar vehicles in which participants’ funds are commingled.

- D. The investment of the Fund’s assets shall be for the exclusive purpose of providing for the advancement of the Bahá’í Faith.
- E. The Fund shall be managed at all times in accordance and compliance with standards of prudent investment. The fiduciary responsibilities of prudent management are those defined in the Uniform Management of Institutional Funds Act of 1972 and the Prudent Investor Rule under the Trust and Trustees Act of 1992 (as both may be amended from time to time) which have been adopted in the State of Illinois.
- F. The investments shall be selected and diversified so as to maximize rate of return commensurate with safety of principal, both of these in the context of the investment portfolio(s) as a whole, not to investments in isolation.
- G. All parties understand the need to avoid making any investment or dealing with any firm which might be an embarrassment to the Bahá’í Faith and its institutions.
- H. It is the intent of this document to state general attitudes, guidelines, and a philosophy which will guide both the Treasurer’s Office and any Investment Manager toward the performance desired. It is intended that the investment policies be sufficiently specific to be meaningful but sufficiently flexible to be practicable.
- I. All investments and all portions of this policy statement are required to be in compliance with applicable federal and state regulations. Any section of this policy not in compliance with such regulations is automatically void.

II. Responsibilities of the National Spiritual Assembly

- A. The National Spiritual Assembly has responsibility for approving this policy.
- B. The National Assembly will hire and discharge Investment Managers, financial consultants and custodians, taking into account the recommendations of the Treasurer’s Office. It will designate the offices and individuals who are empowered to make day-to-day investment decisions, deal

with Investment Managers, financial consultants and custodians, collect and transfer investment monies, and otherwise implement this policy.

- C. The National Spiritual Assembly will decide whether the firms and investments proposed under this policy by the Treasurer's Office comply with the teachings and principles of the Bahá'í Faith and inform the Treasurer's Office of its decisions. To the extent possible this will be done prior to any commitments to such firms or investments.
- D. The National Spiritual Assembly will inform the Treasurer's Office of restrictions in terms of sale or maturity, including earmarking, on any investment funds. It will request donor acquiescence to release restrictions where, in the National Assembly's view, this would be desirable. It will also review and approve Treasurer's Office plans for maturities of the various investment fund categories to make certain that the timelines of assets and liabilities are matched. This is particularly important for project funds but can apply to other categories as well. This approval will take place prior to commitment to sell, invest or expend investment assets. The National Spiritual Assembly will also designate which funds are endowment-type funds with no defined maturity.
- E. Besides income from interest and dividends, the National Spiritual Assembly may authorize access to the net appreciation of any endowment fund over the historic dollar value of the fund unless the donor has specifically directed that the net appreciation cannot be accessed and the donor shall not have released this restriction.

III. Responsibilities of the Treasurer's Office

General Responsibilities of the Treasurer's Office

- A. The Treasurer's Office will have the responsibility for carrying out the Investment Policy.
- B. The Treasurer (or the Chief Financial Officer/Finance Coordinator or the Controller of the National Spiritual Assembly, if so designated by the National Assembly) shall be the person(s) with the authority and responsibility to communicate and enforce, on the National Assembly's behalf, compliance with this policy and also to recommend to the National Assembly the appointment and approval of those who are entitled to make investments, select or replace the Investment Manager and any financial consultants, and approve all transactions related to

the National Assembly's investments. Such designations or appointments are subject to approval of the National Spiritual Assembly (or such officers of the National Assembly as it may from time to time designate to provide such approval on its behalf). It is also the responsibility of the Treasurer's Office to report on investment results on a timely basis to the National Spiritual Assembly.

- C. For longer term investments, the Treasurer's Office may choose to select an investment committee of individuals knowledgeable in financial matters who will recommend such Investment Managers or financial consultants they deem necessary, and shall comment on investment return objectives, asset-mix guidelines, investment allocations and any restrictions on investments. Such committee may be used to review portfolio performance, suggest the reallocation of assets, recommend Investment Manager changes to the Treasurer, and related issues. The composition of any such committee shall be recommended by the Treasurer, subject to the review and approval of the National Spiritual Assembly.

Specific Responsibilities of the Treasurer's Office

- A. The Investment Process
1. The Treasurer's Office will determine whether one fund, or multiple funds, are appropriate to meet the needs of the National Spiritual Assembly and comply with any restrictions, including earmarking, requested by any donor.
 2. With input from the National Spiritual Assembly, the Office will determine the projected cash needs from the fund, or funds, and the projections of additional cash investment into such funds, and communicate these to the Investment Manager(s) on a timely basis.
 3. *Mutual or commingled fund investments:* Monies which may have been donated with restrictions on their investment, or for specific funds, but the amounts of which are too small initially to warrant the services of an Investment Manager, still need to be invested. In such cases, the use of mutual funds or commingled funds, either actively or passively managed, which otherwise meet the criteria herein may be utilized to effectively manage such monies. Such investment vehicles may also be attractive for use in the construction of larger portfolios.
 4. Establishing investment return objectives appropriate for the asset mix and sectors chosen.
 5. Hiring a financial consultant, if necessary, to assist in establishing investment guidelines, both for the National Assembly itself and also

which any Investment Manager can use in formulating investment decisions; providing performance and investment philosophy; and sharing knowledge of manager experience and performance analysis.

6. Selecting qualified Investment Managers when the National Spiritual Assembly determines that longer term investments, including equities and corporate bonds, would be appropriate for certain funds and such managers are justified by the size of such investments.
 7. Communicating clearly the major duties and responsibilities of the Investment Manager.
 8. Monitoring and evaluating performance results to assure that policy guidelines are being adhered to and that objectives are being met.
 9. Taking appropriate action to replace an Investment Manager for failure to perform.
 10. Complying with all applicable rulings and regulations of relevant regulatory agencies.
- B. This *Statement of Investment Policy* will need to be reviewed at least every five years, and more often if necessary, and revised as appropriate to ensure that this *Statement* continues to reflect the National Spiritual Assembly's attitudes, expectations, and objectives, as well as reflecting material changes in the markets or in investment philosophy and methods. These changes will be implemented by the Treasurer's Office in accordance with the other sections of this policy.
- C. *Custodial Services*: the Treasurer's Office will select a suitable custodian to oversee all securities and brokerage transactions and provide monthly detail of all such transactions to both the Treasurer's Office and any consultant selected to monitor Investment Manager performance (see VI J. 2.).
- D. *Proxy Voting*: The Treasurer's Office will take action to assure the proper voting of proxies by either designating the investment manager with this responsibility, or by hiring an outside service to conduct voting of proxies for the funds. The Treasurer's Office is responsible to review at least annually all proxy voting activity.

IV. Responsibilities of the Investment Manager

Investment Managers are responsible for the following:

A. Adherence to Statement of Investment Policy

1. The teachings of the Bahá'í Faith should be referred to for guidance on any issues of socially responsible investing. The Treasurer's Office will consult with, and seek guidance from, the National Spiritual Assembly on selected issues as necessary and communicate the decisions to the Investment Manager who is expected to observe these rigorously.
2. The Investment Manager's acceptance of the responsibility to manage assets of the Funds will constitute a ratification of this Statement of Investment Policy, affirming the belief that the Manager is capable of achieving the National Assembly's objectives within the guidelines and limitations stated herein and as amplified by the Treasurer's Office.

B. Discretionary Authority

1. Within the context of the guidelines provided herein, the Investment Manager will be responsible for making investment decisions on a discretionary basis regarding all assets placed under its jurisdiction and will be held accountable for achieving the investment objectives indicated herein. Such discretion shall include decisions to buy, hold, and sell securities in amounts and proportions that are reflective of the Investment Manager's current investment strategy and compatible with the Fund's investment guidelines.

C. Communication

1. The Investment Manager will keep the Treasurer's Office informed on a timely basis of major changes in its investment outlook, investment strategy, asset allocation, and other matters that reflect investment policies or philosophy.
2. The Treasurer's Office shall be informed on a timely basis of any significant changes in the ownership, organizational structure, financial condition or senior staffing of the Investment Manager's firm.
3. Whenever the Investment Manager believes that any particular guideline should be changed, it will be the Investment Manager's responsibility to initiate written communication with the Treasurer's Office expressing its views and recommendations.

D. Reporting

1. The Treasurer's Office shall receive timely notices of transaction activities as well as no less than quarterly performance reports. In addi-

tion, there should be at least one face-to-face meeting with the Investment Manager annually.

2. In addition, any information needed to assist the Treasurer's Office in conducting its evaluation of the Investment Manager's performance as it relates to fund assets will be presented on a timely basis. This will include transaction activities and commissions generated to compensate the broker/dealer for consulting and other services as specified under Section 28(e) of the Securities and Exchange Commission Act of 1934.

E. Proxy Voting

1. The Investment Manager, as a part of its duties and responsibilities, shall have the exclusive right, when designated by the Treasurer's Office, to vote any and all proxies solicited in connection with securities held by the Fund. The Investment Manager shall keep accurate records with respect to its voting of proxies and shall submit a report on an annual basis to the Treasurer's Office summarizing the voting.

F. Investment Transactions

1. Understanding that the Investment Manager, as fiduciary, has the responsibility to execute every transaction in the best interests of the Fund and its participants, the Treasurer's Office reserves the right to direct brokerage commissions to firms which provide beneficial service directly to the fund, recognizing that the cost of such services would otherwise have to be paid in hard dollars from the Fund.

V. Short Term Portfolio Composition and Cash Flow Management

The portfolio should be comprised of securities with the following characteristics: a low degree of *default risk*; a low degree of *price risk* resulting from changes in the level of interest rates; and a high degree of *marketability*. These characteristics limit the types of investments that may be acquired. In this section investments authorized are outlined along with maturity and diversification requirements. In addition, certain unauthorized investment transactions are specified.

A. Authorized Investments

1. Direct obligations of the United States of America and agencies thereof;
2. Obligations fully guaranteed by the United States of America;

-
3. Certificates of deposit issued by or bankers' acceptances of, or a time deposits with, any bank, trust company, or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof which is FDIC insured and having a rating assigned by Moody's Investors Service, Inc. of at least Aa3 and by Standard & Poor's Corporation of at least AA-;
 4. Commercial paper of any holding company of a bank, trust company or national banking association described in paragraph 3;
 5. Commercial paper of companies having a rating assigned to such commercial paper by Standard and Poor's Corporation or Moody's Investors Service, Inc. of A-1/P-1;*
 6. United States-issued Yankee certificates of deposit issued by, or bankers' acceptances of, or commercial paper issued by, any bank having rated by Moody's Investors Service, Inc. of at least Aa3 and Standard & Poor's Corporation of at least AA- and headquartered in Canada, Japan, the United Kingdom, France, West Germany, Switzerland, the Netherlands, Spain or Italy;
 7. Canadian Treasury Bills fully hedged to United States dollars;
 8. Bonds or other debt instruments of any company, if such bond or other debt instruments, at the time of purchase, is rated at least AA- by Standard & Poor's Corporation and Aa3 by Moody's Investors Service, Inc.; *
 9. Money-market mutual funds that meet the above stated criteria for quality, safety, and liquidity.

B. Maturity of Investments

1. In order to control the risk of loss resulting from increase in the level of rates and the forced sale of securities, the maturity distribution of the investment portfolio must be controlled by the Treasurer's office. Normally, investment decisions shall be restricted to securities with a maturity of one year or less. When the needs of the Fund are such that sufficient funds are being generated to cover short term needs, and with the review and approval of the Chief Financial Officer, up to 20% of the portfolio may be for investment maturities of one to four years. In such cases, bond investments must have call protection. If the bond proceeds are expected to be needed prior to maturity they should not be deep discount or zero coupon bonds due to their volatility.

* Investments must be screened prior to investment to ensure they meet Bahá'í guidelines for "social responsibility"

C. Diversification Requirements

1. Securities issued by the United States Treasury and by agencies of the Federal Government may be held in unlimited amounts.
2. All other classes of investments as detailed in section V. A. are limited to 40% of total investments. Further, no more than 5% of total investments may be invested in any corporate issuer or any single country outside the United States. The purpose of this limitation is to achieve diversification and avoid the risk of over-concentration of risk in a single entity.

D. Unauthorized Transactions

The following transactions are unauthorized for use by the Office of the Treasurer:

1. Futures Contracts—A futures contract is an agreement calling for a fixed price, future delivery of standardized commodities including certain United States Government and Agency securities.
2. Forward Placement Contracts—There are two types of forward placement contracts, both of which are unauthorized:
 - a. Standby Commitment—This is an agreement for the sale of a security at a future date whereby the buyer of the security is required to accept delivery at the option of the seller.
 - b. Cash Forward Agreement—This is an agreement to purchase or sell a security at a future date with mandatory delivery and acceptance.
3. Short Sales—This is the sale of a security that is not owned by the seller.
4. Adjusted Trades—This is a method of hiding an investment loss by selling a security at a fictitiously high price to a dealer and simultaneously buying another over-priced security from the same dealer.
5. Any future, covered option, margin, or derivative contract which has the effect of leveraging the portfolio.
6. Investments in securities of the Investment Manager, custodian or other security which would be considered a self-dealing transaction.
7. Investment in warrants.
8. Repurchase agreements (“repos”) and reverse repos may not be held as individual securities.
9. All other investment vehicles that are not specifically referred to in Section V.A. above.

VI. Longer Term Portfolio Composition and Investment Objectives

These funds are comprised of assets that the National Spiritual Assembly has approved for a longer term investment strategy.

The primary investment objectives in acquiring these assets are to achieve maximum rates of return commensurate with safety of principal, given the guidelines on asset mix, diversification, credit quality and the other restrictions contained herein. The guidelines are consistent with the overall objective, which is to grow the assets on an inflation-adjusted basis.

The National Spiritual Assembly has concluded that:

1. It is prepared to tolerate a moderate degree of volatility in the returns on longer-term Assembly assets in an effort to increase returns; and
2. An appropriate commitment to equities is warranted since equities are expected to outperform all other asset classes over the long-term.

A. Asset-Mix Guidelines

The asset-mix guidelines are recommended by the Treasurer's Office to the National Spiritual Assembly for its approval and are designed to reflect an investment risk posture appropriate for long-term investments. Accordingly, the Treasurer's Office will allocate assets among asset classes or Investment Managers to achieve the stated guidelines. These guidelines will be changed as circumstances warrant but will be reviewed at least annually.

Asset Class	Percent Allocation		
	Minimum	Long-Term Policy Target	Maximum
Equity Investments	40	60	70
Domestic	[35]	[47.5]	[55]
Small Cap	[10]	[12]	[15]
Large Cap Diversified*	[25]	[35.5]	[40]
International	[5]	[12.5]	[15]
Domestic Fixed Income	30	40	60

***Note: The "Large cap" sector could be in a passive or indexed investment**

The above allocations do not include any allocation for short-term investments. It is recognized that pooled funds and mutual funds may carry some balances of short term cash. It is also recognized that the Investment Manager may, on occasion and particularly in times of higher-than-normal market volatility, reasonably hold a percentage of cash for a longer period of time in order to limit the devaluation risk of invested assets. Such a cash position would be viewed as a subset of the “Domestic Fixed Income” class of assets; the determination to increase or hold cash would qualify as one of those events requiring advice by the Investment Manager to the Treasury. In general, however, cash or equivalents in the long-term portfolios should be kept to a minimum, with any larger balances of cash governed by the short-term investment guidelines in Sect. V.

The basis for the reallocation of assets will be as follows:

1. At any time any Asset Class reaches its maximum or minimum allocation, the Treasurer’s Office (or its Investment Committee, should one have been appointed by the National Assembly) must discuss, at its earliest convenience (or at the next following meeting of the Investment Committee, if appropriate), the reallocation of the assets back to the long-term policy target levels. If the Committee must decide, the actual decision will be voted upon.
2. It is expected that periodically the Treasurer’s Office will also review, ideally in consultation with outside advisors and/or the Investment Committee, and possibly make changes in asset mix levels even if percentages are within the minimum/maximum bands.

It is also expected that there may be a need for a small amount of liquid assets to meet the day-to-day operating requirements of end-use beneficiaries, or for the reasons mentioned above. These assets generally will be invested in a high quality money-market fund or an equivalent.

B. Capitalization and Active/Passive Guidelines

Refining the general allocations shown above, among domestic equities it is desirable to diversify further among large, medium and small capitalization companies, as well as among active and passive styles of investing. An investment allocation among these categories is shown in the following sections. Although not all of the fund categories which follow may be utilized in every instance, they are included for purposes of completeness. Passive (index) fund investments are shown since they have had a consistently attractive long-term return, especially for large capitalization equity investments.

C. Investment Return Objectives

The return objectives outlined below have been established in order to provide the Treasurer’s Office and any Investment Committee with a means to

evaluate the overall performance of all the major investment funds as well as each individual asset class within the funds. Each fund's performance will be evaluated against these objectives annually. The results will be measured after adjusting returns for management fees. A three-year moving, annualized, time-weighted total rate of return will be the primary measurement calculation.

Total Fund Return Objectives

1. The total return, net of reasonable and customary fees and other expenses, is intended to exceed inflation in order to maintain the purchasing power of Fund assets.
2. The Fund's overall net return should exceed the total return on a diversified target composite, derived from the limits outlined in the above table and comprised of 32.5% large-cap issues rated in the S&P 500, small-cap issues distributed 7.5% Russell 2000 Value, 7.5% Russell 2000 Growth, 12.5% MSCI EAFE (or a composite of its regional indices), and 40% fixed income issues rated by the Lehman Brothers Aggregate Bond Index, by 0.50%.
3. The total return should rank in the top third of the universe of endowment/foundation funds with similar asset allocations.

Domestic Equity Asset Return Objectives For Small Cap Managers

1. The total return of the small cap growth portfolio, net of reasonable and customary fees and other expenses, should exceed the total return of the Russell 2000 Growth Index by 1.0%.
2. The total return of the small cap value portfolio, net of reasonable and customary fees and other expenses, should exceed the total return of the Russell 2000 Value Index by 1.0%.
3. The total return of the portfolios should rank in the top third of the universe of equity managers with similar investment styles.

For Passive Fund Managers

1. The large cap index portfolio should closely track the total return of the S&P 500 Index.

International Equity Asset Return Objectives For Active Portfolio Managers

1. The total return on the international portfolio, net of reasonable and

customary fees and other expenses, should exceed the total return of the MSCI EAFE Index (or a composite of its regional indices), by 1.0%.

2. The total return of the portfolio should rank in the top third of the consultant's universe of international managers with similar investment styles.

For Passive Fund Managers

1. The total return of the passive international portfolio should closely track the total returns of the MSCI EAFE Index (or a composite of its regional indices).

Fixed-income Asset Objectives - Active Managers

1. The total return of the fixed-income portion of the portfolio, net of reasonable and customary fees and other expenses, should exceed the total return of the Lehman Brothers Aggregate Bond Index by 0.3%.
2. The total return should rank in the top third of the universe of fixed income managers with similar investment styles.

D. Investment Guidelines

Insofar as the Investment Committee is directly involved in the selection of mutual funds and/or commingled funds, it will do so with the advice of a consultant and the use of analytical resources such as Morningstar. Copies of fund prospectuses will be kept on file at the Office of the Treasurer. For active, separately managed portfolios the following guidelines will apply. These guidelines will be reviewed annually.

Overall Guidelines for Active, Separately Managed Portfolios

1. No more than 5% of total assets can be invested in any one company's securities, and no more than 15% in any one industry unless authorized by the Treasurer's Office. (Managers may employ any acceptable industry classification approach.) This restriction does not apply to investments made in United States Government securities.
2. No more than 5% of a corporation's outstanding issues in a given security class may be purchased.
3. Futures, covered options or any other derivative investments may be used for hedging or defensive purposes only. Use of these investments to leverage the portfolio is prohibited. The Treasurer's Office must review prospectuses for pooled funds and mutual funds to ensure that such portfolios meet this restriction.

-
4. Investments in securities of the investment manager, custodian, or any other security which would be considered a self-dealing transaction are prohibited.

Domestic Equity Guidelines

1. Equity issues purchased must be traded in the New York Stock Exchange, the American Stock Exchange, or the National Over-the-Counter Market (NASDAQ). However, NASDAQ securities purchased must be “marginable” (i.e.: securities of sufficient quality and liquidity to be accepted by the market generally as collateral supporting “margin trading”).
2. American Depository Receipts (ADRs) should be limited to 10% of the domestic equity portfolio.

International Equity Guidelines

1. The portfolio should be well diversified by country and by number of securities. At least 75% of the market value of the portfolio must be invested in securities of companies domiciled in EAFE countries and/or Canada. Investments in the United States should not be made.
2. Securities must be traded on major, recognized exchanges within each country.

Fixed-Income Guidelines

1. No more than 25% of the portfolio may be invested in an individual United States Agency’s securities, no more than 35% in mortgage-backed issues, and no more than 15% in an individual corporate sector.
2. Except as stated below, all issues must be investment grade quality and be denominated in United States dollars. The portfolio must have an average quality rating of at least “A” by a recognized rating agency. All Collateralized Mortgage Obligations (CMO’s) must pass the F.F.I.E.C. tests.
3. Up to 10% of the portfolio may be invested in issues that are rated less than investment grade.
4. Up to 10% of the portfolio may be invested in foreign bonds, dollar or non-dollar denominated.
5. The average duration of the portfolio must be within one year of the average duration of the Lehman Brothers Aggregate Bond Index.

Cash Equivalents Guidelines

These are found in Sect. V.A.

E. Investment Performance Review and Evaluation

1. Performance results for the Investment Manager will be measured on a quarterly basis.
2. The investment performance of the total portfolios(s) and equity and fixed income segments will be measured as described in Sections VI. D. through G.
3. Mutual fund performance(s) will be compared to the appropriate Morningstar measurement of results and risk.
4. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines set forth in this document.
5. While the Treasurer's Office intends to fairly evaluate portfolio performance over the agreed period of evaluation, the Treasurer's Office reserves the right to recommend to the National Spiritual Assembly that the Investment Manager be changed if there is:
 - a. Unacceptable justification for poor results.
 - b. Lack of responsiveness to Treasurer's Office overall concern about the market or an inflexibility to the Investment Manager's approach.
 - c. Failure to meet the Treasurer's Office communication and reporting requirements.
 - d. Sufficient reason in the sole judgment of the Treasurer's Office to believe a change of Investment Manager would be beneficial.

F. Other Items and Procedures

Securities Dealers

1. Investment transactions will be conducted with financially strong and reputable firms.
2. Transactions with firms not already known to the National Spiritual Assembly may be conducted subject to screening and review by the Financial Advisory Committee or the National Spiritual Assembly or its representative. In addition, when buying Government or Agency securities, it should be done on a competitive basis with at least two bids.

Payment, Delivery, Safekeeping and Custodianship

1. Payment for securities purchases and securities sold shall be in accordance with the normal and usual practice of the industry. The use of due bills is not authorized.
2. Most securities should be held in “Street Name” for the purpose of ease of transaction or transfer, lower custodial costs, ease of accounting, and less opportunity for loss of certificates. However, in the event that safekeeping is used, the following policies shall be followed:
 - a. All certificates of securities not in the physical possession of the National Spiritual Assembly will be held in a third party (a bank, other financial institution, or a securities dealer) account.
 - b. All securities held in safekeeping shall be evidenced by a safekeeping receipt and/or a periodic statement of account from the safekeeping institution.
 - c. The Treasurer’s Office will, as part of its audit, confirm or have confirmed by its auditor, all securities held in safekeeping with the safekeeping institution and that all safekeeping arrangements include adequate insurance.
 - d. Safekeeping agreements shall provide that all transactions be ordered only by a duly authorized employee or official of the National Spiritual Assembly or its designated Investment Manager.
 - e. If the safekeeping institution is to be used to transmit funds for the purchase of securities, the agreement shall provide that the funds shall not be transferred until the securities are received by the institution.
 - f. Safekeeping services shall be covered by a “bailment for hire” contract. Under this arrangement, the institution agrees to exercise ordinary care in protecting the securities held in safekeeping. Unless specifically covered by statute or contract, the institution is not an insurer of securities. It is liable only for negligence in caring for and protecting the securities.

Donation of Securities

1. It is the policy of the National Spiritual Assembly to sell immediately all individual securities which are donated to avoid trying to time the market. The only exceptions to this requirement are securities with donor restrictions prohibiting immediate sale, securities in closely held corporations where the sale of a large block may depress the stock price, or letter stock with restrictions on sale.

G. Exceptions

1. It shall be the responsibility of the Treasurer's Office to determine whether a policy exception is necessary and, if so, whether the exception should be submitted to the National Spiritual Assembly or its appropriate officer(s) for approval.

Appendix D:

Banking Relationship

Policy

For the National Spiritual Assembly of the Bahá'ís of the United States (1998)

This policy is not intended to apply to, or serve as a model for, the investment, control and safekeeping of funds of any Bahá'í institution except the National Spiritual Assembly.

I. Purpose

The purpose of this Banking Relationship Policy is to set forth operating procedures to guide the administration of the banking relationship portfolios managed by the Office of the Treasurer (the “Treasurer’s Office”) for and on behalf of the National Spiritual Assembly of the Bahá'ís of the United States (the “National Assembly”).

All portions of this policy statement are required to be in compliance with applicable federal and state regulations. Any section of this policy not so in compliance is automatically void.

II. Responsibility

The Treasurer’s Office will have the responsibility for carrying out this Banking Relationship Policy. The Treasurer, the Chief Financial Officer and/or the Controller of the Office of the Treasurer shall be the persons who have the authorization and the responsibility to administer and enforce compliance of their respective sections of this policy as delegated by the National Assembly.

III. Banking Relationship Objectives

The primary objective of the National Spiritual Assembly's banking relationships is to ensure the availability of funds at competitive prices to finance seasonal contributions shortfalls and capital projects. Secondly, banking relationships should also provide the National Assembly with the required non-credit banking services. Corollary to the primary objective, the Office of the Treasurer will endeavor to minimize the difference between the interest rate on the National Assembly's loans and investments at the same banking institution, maximize the rate of return on funds in demand accounts and minimize the cost of banking services.

IV. Relationship Philosophy

The most effective method of meeting the objectives stated above is through the development of long-term relationships with a small group of core banks.

The number of relationships maintained at any time will need to be balanced between the amount of business we have to offer and the willingness of existing relationship banks to increase their exposure to the National Spiritual Assembly. We want to make sure we provide meaningful business to each relationship bank; however, as the needs of the Faith grow we do not want to become overly dependent on too limited a number of service providers. We do not want to reach a point where a relationship bank is unwilling to increase its exposure to the National Assembly because we have over-concentrated our business.

V. Maintenance and Use of Credit Facilities for Operations

The Treasurer's Office should maintain available lines of credit and/or committed facilities to ensure funds availability to finance seasonal contributions shortfalls. Lines of credit and/or committed facilities must not be used to finance long-term capital projects. Credit usage would normally not exceed ten percent (10%) of the previous twelve months' contributions. In addition, the loan balance should be reduced to zero at least once every twelve (12) months.

Where feasible, multi-year committed facilities may be preferable to lines of credit since funding is more assured.

The size and form (i.e., lines of credit or committed facilities) of available credit should be reviewed annually at the time the annual budget is announced, and whenever increases/decreases in the contribution budget are made during the year.

The level of available credit should be based on a month-by-month forecast of cash flow, taking into account cash reserves.

All borrowing under lines of credit and/or committed facilities should be on an unsecured basis and allow for prepayment without penalty.

Lines of credit and/or committed facilities may be appropriate for funding capital projects during construction or while long-term financing is being arranged. This period must not exceed one year, however.

VI. Credit Facilities for Long-Term Funding Requirements

The Treasurer's Office should obtain long-term funding to finance capital projects. Long-term funding *must not* be used to fund seasonal needs.

Long-term borrowing may be incurred on a secured basis. Where practicable, security should be in the form of a mortgage on the project being financed. *The House of Worship, including all of its land and any other related fixed assets, shall not be mortgaged or otherwise encumbered.* Other properties of the National Spiritual Assembly may be mortgaged only with the express written approval of the National Assembly or its designated officer(s).

Pledging unencumbered assets not associated with a project being financed as collateral for long-term borrowings is not recommended and should be done only in extreme circumstances and with express approval of the National Assembly or its designated officer(s).

Loan prepayment without penalty is highly desirable. Interest rate reductions offered by a lender in exchange for limiting prepayment options may be considered; however, since prepayment is a valuable option, particularly at higher rates. Any such interest rate reductions should be of one percent (1%) or greater.

The life of the loan should not exceed the expected useful life of the project financed.

Long-term floating rate funding must include a stipulated cap rate (i.e., a maximum increase of X percent over the life of loan).

VII. Non-Credit Banking Services

The use of non-credit banking services should be monitored by the Office of the

Treasurer. Each relationship bank should provide a regular listing of the use of each service and associated fees.

Payment for operating services should be in cash, where possible, and not in the form of compensating balances. As a general statement, because of reserve requirements, compensating balances are an inefficient form of banking compensation and should be avoided, even in connection with bank lines of credit.

VIII. Control of line of Credit and Accounts

In consultation with the National Assembly's outside auditors, controls on the maintenance and use of bank accounts and lines of credit should be periodically reviewed.

1. All advances under a line of credit should be evidenced by a note and/or a periodic statement of account from the lending institution.
2. The Treasurer's Office will, as part of its audit, confirm, or have confirmed by its auditor, all loans with each lending institution.
3. Lending agreements shall stipulate that all actions will be ordered only by a duly authorized employee or official of the National Spiritual Assembly and of the bank.
4. Account Operating Agreements shall provide that all transactions will be ordered and all checks will be signed by duly authorized employees or officials of the National Assembly and of the bank.
5. All bank account signatory additions and deletions should be approved by the National Spiritual Assembly or its designated officer(s).

IX. Exceptions and Review

It shall be the responsibility of the Treasurer's Office to determine whether a policy exception or amendment is necessary, and, if so, propose such change to the Treasurer of the National Assembly. Further approvals, including review and/or approval by the full National Assembly, will be sought at the Treasurer's option.

This policy statement shall be reviewed periodically and amended as circumstances warrant.

Appendix E:

Bibliography

Many of the publications listed below are available through the Bahá'í Distribution Service at 800-999-9019 or bds@usbnc.org.

From Bahá'í Institutional Sources

Bahá'í Administration. Shoghi Effendi.

- The “textbook” on Bahá'í administration principles, practices and development.

Bahá'í Funds: Contributions and Administration. Compiled by the Universal House of Justice. National Spiritual Assembly of the Bahá'ís of Canada, Thornhill, Ontario. 1988.

Developing Distinctive Bahá'í Communities, Guidelines for Spiritual Assemblies. National Spiritual Assembly of the Bahá'ís of the United States.

Ḥuqúqu'lláh. The Universal House of Justice, Research Department. National Spiritual Assembly of the Bahá'ís of Canada, 1989.

Messages From the Universal House of Justice 1963–1986. Bahá'í Publishing Trust, Wilmette. 1996.

- This new compilation of nearly 500 messages of the House of Justice represents a key resource for institutions, communities and individuals.

Sacred Trust . . . a Destined Recompense and Sure Reward. Bahá'í Publishing Trust, Wilmette. 2001

A Workbook for Understanding and Applying the Law of Ḥuqúqu'lláh.

Books Authored by Bahá'ís

Created Rich: How Spiritual Attitudes and Material Means Work Together to Achieve Prosperity. Patrick Barker. Naturgraph Publishers, 1995.

- Presented in two parts, this book examines “how spiritual attitudes and material means work together to achieve prosperity.” Part One discusses the ultimate purpose of wealth in a Bahá'í context, offering a contrast between the possession of material means and the curse of materialism. Part Two lends itself to a series of deepenings on the role of material means in our lives as Bahá'ís.

Stories About the Funds. Compiled by Gloria Faizi.

- A collection of inspiring stories, old and new, about giving to the Funds. Retold by Gloria Faizi, these are wonderful to share at Feasts and during deepenings on the Funds.

The True Foundation of All Economics: A Bahá'í Approach for the Promotion of Universal Development, Justice and Prosperity. Compiled by Hooshmand Badi'í.

- Focusing primarily on social and economic development, this compilation includes sections addressing “Economic Moderation and Contentment,” “Material and Spiritual Coherence” and other chapters helpful to the Treasurer in sparking thought and discussion on issues related to our material lives.

General Books

Designs for Fund Raising. Harold Seymour. The Taft Group, Publishers.

- A useful, readable introduction to the best kind of fund raising. Order by calling 800/877-8238; cost is \$15.

Give to Live: How Giving Can Change Your Life. Douglas M. Lawson. ALTI Publishing, La Jolla, CA, 1991. 1-800-284-8537.

- Thought-provoking views from one of the best known fund-raisers, documenting the effects of giving and volunteering on life expectancy and health, and on the quality of life in general.

Money and the Meaning of Life. Jacob Needleman. Doubleday Currency Publication.

- A noted philosopher's discussion of concepts relating to money and its place in life. Available in bookstores.

Wealthy and Wise. Claude Rosenberg, Jr. Published by Little, Brown and Co.

- Outlines effective means by which our donations may be maximized while offering strategies for cultivating more constructive financial habits. Available in bookstores.

Your Money or Your Life. Joe Dominguez and Vicki Robin. Penguin Books.

- A fascinating examination of money—its true purpose and our attitudes about it. The views of these non-Bahá’í authors are surprisingly consistent with those of the Faith. Lends itself well to a group study. Available in bookstores.

Resources for Children

The Berenstain Bears—Trouble With Money—for children up to age 11

- Written by Stan and Jan Berenstain (published by Random House, New York 1983), this book teaches children about earning, saving and spending money.

Brilliant Star—True Wealth—for pre-youth ages 6–12

- The September-October 1996 special issue of this Bahá’í publication is committed solely to the topic of true wealth – and the spiritual nature of giving.

The Buck Book: All Sorts of Things to do With a Dollar Bill—Besides Spend It—all ages

- Published by Klutz, Palo Alto, CA, 1993. This “how-to” book comes with a real one-dollar bill that you can fold several different ways, as well as tidbits of historical information about money and its uses.

The Feelings of L-B-F: a Young Local Bahá’í Fund—or all ages

- A learning coloring book by Heidi Lakshman—approved for publication by the National Spiritual Assembly of the Bahá’ís of Canada. 1997—Heidi Lakshman—Treena Grenier; distributed by Unity Arts, Inc., Canada (800-465-3287) email unityarts@aol.com

Money, by Joe Cribb, published by Alfred Knopf—New York (1990)—for all ages

- Discover the story of money —its history, its meaning, and its many forms around the world.

Money Matters for Teens Workbook —for pre-youth ages 11–14

- This Moody Press (Chicago, 1998) publication, written by Larry Burkett, is an excellent source of information and applications about managing money, planning for later, borrowing, and charitable giving for young people.

Money, Money, Money :The Meaning of the Art and Symbols on United States Paper Currency—for pre-youth ages 7–12

- This HarperCollins publication, written by Nancy Winslow Parker (1995) is an excellent teaching tool for children as well as adults. Learn about the significance of some of the elements of the Great Seal of the United States on the dollar bill – including “Glory of God!”

One Magazine— *Wealth and Poverty* —for youth ages 15 +

- 2.5 ‘Ilm/Qudrat (Knowledge/Power) BE 154 (1998). This publication (by the Local Spiritual Assembly of the Bahá’ís of Eliot, Maine), is in magazine format, and is geared towards youth. It’s goal is to assist young people in expressing themselves and connecting with others. This issue’s aim is to stimulate thought and discussion about the topic of poverty and wealth.

Stories of the Greatest Holy Leaf—for all ages

- find stories by Bahíyyih Khánum related to the spiritual nature of giving. Adapted by Jacqueline Mehrabi, published by the Bahá’í Publishing Trust of London, 1997.

Stories from the Star of the West—for all ages

- Compiled and edited by Andrew Gash (published by Bahá’í Publications Australia, 1985), this is a good resource for topics related to the spiritual principles of giving.

Vignettes from the Life of ‘Abdu’l-Bahá —for all ages

- Explore the virtues of giving in this cherished collection edited by Annamarie Honnold; 2nd edition published by George Ronald, 1991.

Zillions Consumer Reports —for pre-youth ages 12–16

- *Zillions* is published bi-monthly by Consumers Union, a nonprofit organization established in 1936 to give consumers the information they need to use their money wisely. CU also publishes *Consumer Reports*.

Index

A

- ‘Abdu’l-Bahá
 - extracts from writings of, 1, 175–176
- Accounting, 127–152
 - for earmarked contributions, 42
 - Treasurer’s basics for, 127–152
- Account Operating Agreements, 246
- Acknowledgment, 64
- Adoption expenses, 190
- Advisor, Treasurer as, 26–28
- Aircraft, valuation of, 191, 209
- American Bahá’í Community, responsibility of, 4–5
- Annuities, valuation of, 210
- Antiques, valuation of, 208
- Appeals, 29–30
- Appraisals, 212
- Arc Projects, 61
- Arm’s length offer, 206
- Art objects, valuation of, 208
- Athletic events, 187
- Audit, 87–97
 - and confidentiality, 97
 - preparing annual, 87–88, 150
 - procedures checklist for, 113–121
 - procedures of, 111
 - sample report, 123
- Auditors
 - identifying, 88
 - tasks of, 88–89
- Autographs, 209
- Automatic Contribution System (ACS), 50–52, 86
 - enrollment form for, 90
 - subscriptions, 50–51

B

- Bahá’í, responsibility for giving, 5–7
- Bahá’í centers
 - and building flourishing communities, 156–157
 - checklist
 - financial considerations, 163–166
 - legal matters and insurance for, 166–167
 - planning for growth and development, 160–163
 - unity issues, 157
 - local, 155–169
 - reporting to National Spiritual Assembly, 169
- Bahá’í Funds, 41
 - achieving greatest good, 46
 - automatic contribution system (ACS), 50–51
 - Bahá’í Identification (BID) numbers, 50
 - Bahá’í International Fund, 47–49
 - believers discretion in giving to, 41–42
 - Continental Bahá’í Fund, 47–48
 - contributing to, 11, 84–85
 - form for, 152
 - by recipients of public charity, 9
 - earmarking and accounting for earmarked contributions, 42–44
 - giving and entry by troops, 12–14
 - giving to, as spiritual privilege, 3
 - giving to National, 49
 - importance of knowing about, 11–12
 - local, 50
 - making decision on supporting, 41
 - priorities in giving, 46–47
 - setting goals for contributions to various, 84
- Bahá’í Huqúqu’lláh Trust, 173
- Bahá’í Identification (BID) numbers, 50
- Bahá’í International Fund, 47–49
- Bahá’í National Center management and technical issues, 167–169

-
- Bahá'í Spirit, 3–4
- Bahá'í Treasurers Bulletin, 147
- Bahá'u'lláh, 153
- acceptance of, as Manifestation of God, 3
 - extracts from writings of, 174–175
 - recognition of, and contributions by, 9
 - reliance on, and formulation of audacious plans, 13
 - requirement for will, 66–67
 - teachings of, 10
- Bahá'u'lláh World Order, champion builders of, 9–10
- Banking
- opening checking account for Local Fund, 127–128
 - relationship policy, 243
 - control of line of credit and accounts, 246
 - credit facilities for long-term funding requirements, 245
 - exceptions and review, 246
 - maintenance and use of credit facilities for operations, 244
 - non-credit banking services, 245
 - objectives, 244
 - philosophy, 244
 - purpose, 243
 - responsibility, 243
- Bar association, 190
- Bargain sales, nondeductibility of, 191
- Believers, discretion in giving to Bahá'í Fund, 41–42
- Benefits received from contributions, 187
- Bequests
- designating Fund, 69
 - types of, 67–68
- Bills, prompt payment of, 136–137
- Bingo, 63
- Blood donations, 186
- Boats, valuation of, 191–192
- Bonds, valuation of, 209
- Bounced checks, 141
- Brackets, use of, in cash journal, 140
- Budget
- preparing, 83–85
 - using, as guide, 85
 - worksheet for, 91
- Budget Committee, 83
- Burial, 78
- Business
- interest in, valuation of, 210
- C**
- Campaign of Glorious Privilege, 61
- Canceled check, 129–130
- “Candle Chart,” 87
- Capital assets, 192
- Capital gain property, 192
- Capitalization of income, 210
- Carryovers, 196
- Cars
- record keeping for expenses of, 197
 - valuation of, 191
- Cash contributions, record keeping for, 196–197
- Cash flow management, 231–233
- Cash journal, 138–143
- brackets in, 140
 - keeping accurate, 141–142
 - recording contributions in, 139–141
 - recording expenses in, 140
 - sample, 143–145
 - set up of, 138
- Central Fund, contribution to, 42
- Charitable contributions
- deductible, 182
 - definition of, 185
 - determining value of donated, 205–215
 - getting more information on, 214
 - limits on deductions, 193
 - nondeductible, 189–190
 - organizations that qualify for deductions, 186–187
 - of property, 190–191
 - records to keep, 196–198
 - reporting, 198
- Charity benefit events, 187
- Checking account, opening, for Local Fund, 127–128
- Checks
- bounced, 141
 - canceled, 129–130
 - duplicate, 128
- Children, contributions by, 31–35
- Clothing, valuation of used, 191
- Coin collections, 208
- Collections, valuation of, 208–209
- Communications, focusing, 58–59
- Communities
- building flourishing, 17–22; 156–157
 - communicating goals to, 87
 - integration of, component elements in action, 18
- Community at Feast, making reports to, 146–147
-

Community development plan, 162
Community honor roll, 86
Comparable property, sales of, 206–207
Comparable sales, 207
Confidentiality, 89
 of information, 23
Continental Bahá'í Fund, 47–48
Contingent bequest, 68
Contributed expenses, receipts for, 136
Contributed item, selling, 131
Contributions
 by children, 31–35
 earmarked, 42–43
 effect of guilt on, 30–31
 in Honor, 87, 93
 in-kind, 130–131
 in Memory, 87, 94
 pledges in encouraging, 20–21
 of property, 205
 recording, in cash journal, 139–141
 of stock, 134–135
Contributors, distributing receipts to, 130
Credit facilities
 for long-term funding requirements, 245
 maintenance and use of, for operations,
 244–245
Current earnings, 60
Custodial services, 229

D

Deduction limits, 193
Default risk, 231
Depreciable property, 192
Deputization, 51–52
Devise, 67
Devotional life, 11
Diaries, 209
Donated property, determining value of, 205
Donated real estate, 132–133
Donee Information Return (Form 8282), 217–
 218
Donors, substantiation requirements of, 181–
 182
Double-entry system, 138
Duplicate checks, 128
Duplicate receipts, preparing, 128

E

Earmarked contributions, 42–43
 accounting for, 45
Earmarking instruction, nonobservation of,
 43–44
Educator, Treasurer as, 24–26
Emergency campaign, 61
Employer Identification Number (EIN),
 application for, 99–100, 127
Estate planning, 66
 resources from Office of Treasurer, 70–71

F

Fair market value
 definition of, 206
 determining, 191
 problems in determining, 207–208
Faith, reasons for giving to, 4
Fee-for-service companies, creating network
 of, 21
Financial considerations for Bahá'í center, 163
Financial Report to National Spiritual
 Assembly, 83, 85, 92
Foreign organizations, 187
Form 8282, Donee Information Return, 217–
 218
Form 8283, Noncash Charitable Contribu-
 tions, 219–224
Foster parents, 188
Foundations, contributions to private
 nonoperating, 192
Fraternal order dues, 186
Fund-raising
 and planned giving, 55–71
 relationships and heart, 55–58
Future events, 207
Future interest in tangible personal property,
 191

G

General bequest, 67
General public, 65
Gifts
 establishing priorities for, 46–47
 freedom to specify purpose of, 43
 planning, 69–70
 of securities, issuing receipts for, 135–136
Giving
 believers discretion in, to Bahá'í Fund, 41–
 42

planned, 69–70
 and fund-raising, 55–73
saying thanks for, 64–65
as spiritual privilege, 3
and spiritual progress, 5–6
Goals
 communicating, to community, 87
 setting, for contributions to Funds, 84
Good, achieving the greatest, 46
Guilt, effect of, on contributions, 30–31

H

Hazíratu'l-Quds, 155
Heart chart, 95
Heroic deeds of service, 4
Holographic (handwritten) wills, 67, 71
Household goods, valuation of, 191
Ḥuqúqu'lláh
 sacred law of, 173–179
 supplement to the compilation on, 174
 extracts from letters written on behalf of
 Universal House of Justice, 176–
 179
 extracts from letter written by Shoghi
 Effendi, 176
 extracts from writings of 'Abdu'l-Bahá,
 175–176
 extracts from writings of Bahá'u'lláh,
 174–175

I

Income
 capitalization of, 210
 tips on recording unusual, 140
Individuals, contribution to, as nondeductible, 189
Information, confidentiality of, 23
In Honor contributions, 87, 93
In-kind contributions, 130–131
In Memory contributions, 87, 94
Inspirer, Treasurer as, 28–29
Institutes and need for facilities, 156–157
Insurance
 liability, 107–108
 Request for certificate of, 109–110
 requirements for Bahá'í center, 167
 title, for Bahá'í center, 166
Interest in a business, valuation of, 210
Inventory, valuation of, 209
Investment Managers, responsibilities of, 226

Investment policy of National Spiritual
 Assembly, 225–241
 longer term portfolio composition and
 investment objectives, 234–241
 responsibilities of Treasurer's office in,
 227–229
 short term portfolio composition and cash
 flow management, 231–233

J

Jewelry and gems, valuation of, 208

K

Kingdom of God and material resources, 10–
 11
Kitáb-i-Aqdas (the Book of Laws), 10
 requesting of estate as outlined in, 68

L

Legal issues surrounding acquisition of center,
 166–167
Line of credit, control of, 246
Living the life, 3–4
Lobbying, 190
Local assembly, need for Employee Identifica-
 tion Number by, 127
Local Bahá'í centers, 155–169
Local Fund, opening checking account for,
 127–128
Local Spiritual Assembly, making reports to,
 146–150
Longer term portfolio composition and
 investment objectives, 234–241
Lottery, 63

M

Manuscripts, 208
Market value, 160
Material resources and Kingdom of God, 10–
 11
Meals, 189
Money, different kinds of, 59–61
Monthly bank statement, balancing, 137
Mutual exchange program, 188

N

National Bahá'í Fund, 49
 contribution forms, 152
 contributions to, 41, 130
 giving to, 49
National Spiritual Assembly
 and acquisition of, on local Bahá'í center,
 155–156
 automatic contribution system of, 50–51
 and budget preparation, 83–85
 on changes in U.S. tax regulations, 181–
 183
 contributions to, 43
 disclosure by, of receipt of *quid pro quo*
 contribution, 182–183
 Financial Report to, 85, 92
 informing, on bequests, 68–69
 investment policy of, 225–241
National Bahá'í Fund in supporting work
 of, 49
 reporting to, 169
 responsibilities of, 226–227
 in building flourishing communities,
 17–22
 treasury as responsibility of entire, 17
National Teaching Committee, 160–161
Noncash contributions
 record keeping for, 196–197
 reporting, 198
 tax form for, 219–224
Non-credit banking services, 245–246
Nonqualified organizations, contribution to,
 as nondeductible, 190

O

Offerings, receiving from the friends, 129
Opinions of experts, 207
Ordinary income property, 192
Organizations
 foreign, 187
 nonqualified, 190
 qualified, 190
Out-of-pocket expenses, 188

P

Penalty for valuation overstatement, 193
Percentage bequest, 68
Personal expenses, nondeductibility of, 189

Personal property, future interest in tangible,
 191
Planned giving, 69–70
Planned giving resources from Office of
 Treasurer, 70–71
Pledges in encouraging contributions, 20–21
Pocket file folders, 128
Possessions, disposing of, 74
Priorities in giving, 46–47
Professionals, 65
Property. *See also* Real estate
 appraisals of, 212
 bargain sales, 193
 basis, 192
 capital gain, 193
 capital gain election, 192
 contributions of, 191
 cost or selling price of donated, 203
 decreased in value, 192
 depreciable, 193
 determining fair market value of, 192
 determining value of donated, 205–215
 donee information return for, 217–218
 fair market value of, 192, 206–208
 future interests in, 191
 increased in value, 191–192
 inventory, 192
 nondeductibility of, 191–193
 ordinary income, 192–193
 partial interests, 191
 penalties for overstating value of, 193
 sales of comparable, 206–207
 subject to debt, 191
 unrelated use, 192
 valuation of various kinds of, 208–210
Proxy voting, 229, 231
Public charity, contributions of recipients of,
 to Bahá'í Fund, 9

Q

Qualified organization, 185
Qualifying expenses, 188
Quickbooks, 137
Quid pro quo contribution, disclosure by
 National Spiritual Assembly of receipt
 of, 182–183

R

- Raffles, 63, 186
- Real estate. *See also* Property
 - donated, 132–134
 - valuation of, 210
- Receipt book, need for duplicate, 128
- Receipts
 - distributing, to contributors, 130
 - issuing, for gifts of securities, 135–136
 - for loose change, 130
- Record keeping, 150–151
 - in cash journal, 138–143
 - for charitable contributions, 196–198
 - materials for efficient, 150–151
 - preparing for audit, 87–88
 - suggested time-frames for, 151
 - time frames for, 151
 - tips for, 150–151
 - for unusual income, 140
- Reimbursed expenses, 188
- Relationship-building, value of, in fund development, 58
- Rental facility for Bahá'í center, 158
- Replacement cost, 207
- Reports, making, 146–147
- Residual bequest, 68
- Resource material, 147
- Responsibility, inescapable, 4–5
- Retirement home, 190
- Right of God, 11–12, 173–174

S

- Sacrifice, meaning of, 7–10
- Securities, issuing receipts for gifts of, 135–136
- Service, heroic deeds of, 4
- Short term portfolio composition, 231–233
- Solicitations, 29–30
- Special events and campaigns, 61–64
- Special-purpose funds, creation of, 41
- Specific bequest, 67
- Spiritual Assemblies, responsibilities of, 9
- Spiritual principles
 - giving, 3–7, 12–14
 - knowledge of fund, 11–12
 - material resources and the kingdom of God, 10–11
- Spiritual privilege, giving as, 3–5
- Spiritual progress and giving, 5–6
- Stamp collections, 208
- Stock certificate, 135

- Stocks
 - contributions of, 134–136
 - valuation of, 209–210
- Student expenses
 - reporting, 194
 - tax deduction for, 188
- Substantiation requirements of donors, 181–182

T

- Tangible personal property, future interest in, 191
- Tax changes, keeping abreast of, 129–130
- Taxes. *See* United States tax regulations
- Teaching, spirit of, 18
- Technical issues and Center management, 167–169
- Thank you, saying, 64–65
- Time, value of, 190
- Title insurance for Bahá'í center, 166
- Token items, 188
- Toxic waste liability for Bahá'í center, 166
- Trade, valuation of property used in, 192
- Training institutes, importance of, 52, 157
- Travel expenses, 189
- Treasurer
 - as advisor, 26–28
 - assistance for, 22–23
 - change in, and need for audit, 88
 - as educator, 24–26
 - estate planning and planned giving
 - resources from office of, 70–71
 - and fund raising, 66
 - as inspirer, 28–29
 - responsibilities of, 23, 227–229
 - in accounting, 89, 127–152
 - in banking relationship policy, 243
 - in budget preparation, 83–85
- Treasury
 - automating, 137
 - as responsibility of Spiritual Assembly, 17
- Treasury Committee, functions of, 22–23
- Trustworthiness, 23
 - teaching, through writings, 20
- Tuition, 186

U

- underprivileged youths selected by charity, 188
- Uniforms, 188
- United States tax regulations
 - changes in, 181–219
 - on charitable contributions, 185–204
 - donor's substantiation requirements, 181–182
- Unity of thought and need to acquire Bahá'í center, 157
- Universal House of Justice, 9, 53, 81, 124
 - and context of giving, 6
 - extracts from letters written on behalf of, 176–179
- Universal participation, 5–6, 7

V

- Value, determining, for donated property, 205
- Volunteers, 27, 61, 156, 168, 189

W

- Will
 - advantages of, 74–75
 - checklist for preparing your, 76–78
 - importance of, 74
 - preparation of, 67
 - sample memorandum to accompany
 - husband and wife's, 79
 - steps to successful, 75–76

Y

- Year-to-Date Report of Income and Expense, preparing, 149–150

Z

- Zoning and building code issues for Bahá'í center, 166