

# **New England Dollars for Scholars<sup>®</sup>**

**Endowment and Unrestricted Giving**

## Table of Contents

<b><u>Table of Contents</u></b>	2
<u>Copyrights</u>	Error! Bookmark not defined.
<u>Changes</u>	Error! Bookmark not defined.
<b><u>Chapter 1: Introduction</u></b>	Error! Bookmark not defined.
<b><u>Chapter 2: Endowments–What are they and Why Have One?</u></b>	4
1. <u>What is an Endowment?</u>	4
2. <u>Why build an Endowment?</u>	5
<b><u>Chapter 3: Building an Endowment</u></b>	6
1. <u>Motivators</u>	6
2. <u>Named Permanent Funds or General Chapter Endowment</u>	6
3. <u>Deciding What is Permanent</u>	8
4. <u>Contract Between Chapter and Donor</u>	9
5. <u>Chapter-Designated Endowments</u>	11
<b><u>Chapter 4: Chapter Record Keeping</u></b>	12
1. <u>The Fund Form</u>	Error! Bookmark not defined.
2. <u>The Donor Form</u>	Error! Bookmark not defined.
3. <u>The Receipt Form</u>	Error! Bookmark not defined.
4. <u>The Student Form</u>	Error! Bookmark not defined.
5. <u>More on Individual Endowment Funds</u>	12
<b><u>Chapter 5: Communications Between Donors and Chapters</u></b>	14
1. <u>Thank You Notes</u>	14
2. <u>Status Reports</u>	14
<b><u>Chapter 6: Communications Between Chapters and Communities</u></b>	15
1. <u>Brochures</u>	15
2. <u>Local Media</u>	15
3. <u>Speaking Engagements</u>	15
4. <u>Newsletters</u>	16
5. <u>Websites</u>	16
<b><u>Chapter 7: Communications With Dollars for Scholars Volunteers and Staff</u></b>	17
1. <u>Donation Reports</u>	17
2. <u>Dollars for Scholars Reports</u>	17
3. <u>Student Recipient Reports</u>	17
<b><u>Chapter 8: Communications Between Chapters and Students</u></b>	18
1. <u>Congratulations</u>	18
2. <u>Collegiate Partner Information</u>	18
3. <u>Award Checks</u>	18
4. <u>Financial Aid Directors</u>	18
5. <u>Returning Students</u>	18
<b><u>Chapter 9: Communications With Current and Prospective Donors</u></b>	19
1. <u>Non-fundraisers</u>	19

<b><u>2.</u></b>	<b><u>Regular Supporters</u></b>	<b>19</b>
<b><u>3.</u></b>	<b><u>Inconsistent Donors</u></b>	<b>19</b>
<b><u>4.</u></b>	<b><u>Special Events</u></b>	<b>19</b>
<b><u>5.</u></b>	<b><u>Alumnae Giving</u></b>	<b>20</b>
	<b><u>Chapter 10: Growing Chapter Assets</u></b>	<b>21</b>
	<b><u>Chapter 11: Investing Chapter Assets</u></b>	<b>22</b>
<b><u>1.</u></b>	<b><u>Investment Committee</u></b>	<b>22</b>
<b><u>2.</u></b>	<b><u>Investment Policy</u></b>	<b>22</b>
<b><u>3.</u></b>	<b><u>Conflict of Interest Policy</u></b>	<b>22</b>
<b><u>4.</u></b>	<b><u>Gift Policy</u></b>	<b>22</b>
<b><u>5.</u></b>	<b><u>Investment Managers</u></b>	<b>23</b>

## Chapter 1: Endowments—What are they and Why Have One?

### 1. What is an Endowment?

Most of us think of an endowment as money with strings attached. The most familiar “string” is that the money itself cannot be spent, only the income it earns while it is invested. Money restricted in this way is usually described as *permanently restricted* and is often referred to as “permanent funds” or “endowed funds” or “an endowment.” Donations are permanently restricted by the donor; the gift itself can never be spent and the income it earns is restricted to use as scholarships. Gifts given in this way have an irrevocable quality to them because the principal can never be touched.

Other donations are *temporarily restricted* by the donor; the chapter can hold the donation for a limited amount of time and then must spend it for scholarships. Many chapter volunteers refer to these temporarily restricted donations as “unrestricted funds” because these gifts are not being directed to a permanently restricted endowment. The chapter will, ultimately, award the entire gift and any interest it might have earned while temporarily held by the chapter.

While the simple description above is common in Dollars for Scholars chapters, many variations occur. The proceeds of fundraising events such as golf tournaments most often are temporarily restricted to the purpose advertised by the chapter and must eventually be used as the participant expected. Chapters occasionally hold fundraisers for purposes other than scholarships. Some chapters conduct annual events advertising that the proceeds will be placed into a permanently restricted endowment, the income from that endowment to be used for scholarships, or the chapter’s operating expenses, or for any other chapter-designated purpose. Another common variation in Dollars for Scholars chapters is the “splitting” of event proceeds. The chapter might designate 50% of the proceeds to be permanently restricted to a chapter-designated endowment and 50% to be temporarily restricted to the upcoming scholarship award cycle.

As illustrated in the preceding examples, chapters can raise funds for an advertised purpose, but are then obligated to accept all monies received as a result of the fundraising efforts with the restrictions the chapter itself stipulated. Likewise, an individual donor can permanently restrict a gift, and if the chapter accepts the gift, then it must honor that restriction.

Dollars for Scholars chapters generally receive donations that fall into either the permanently restricted category (restricted endowment funds) or the temporarily restricted category (unrestricted funds). Because of that fact, this product has been designed to assist the chapter volunteer in determining which category a donation falls into and then recording that donation and related information accurately and efficiently.

## 2. Why build an Endowment?

More than half of the Dollars for Scholars chapters report that they have endowments. Many others are considering doing so. What is the attraction? Why are endowments growing in popularity?

Chapter endowments are more prevalent for a number of reasons. The most obvious reason is that endowed scholarship money remains **in perpetuity**. The donations restricted to endowments (also called the principal) can not be spent. If the chapter never receives another penny in donations, it can still award scholarships from the income the principal earns. The purpose of the chapter – scholarships – can remain viable no matter the condition of the national, regional, or local economy.

Another key reason for the increase in chapter endowments is that the chapter is less dependent on annual fundraising. Whether it has had a successful year raising new money or a disappointing year, the endowment helps ensure that scholarships will be available.

A third explanation for the growth of endowments is the connection often formed between donors and the chapter. If a chapter has one or more permanent endowments named after people or civic groups, a personal – even emotional – relationship has been established between the chapter and the person or group associated with that endowment. Donations to those endowments take on greater significance because they are not made “to the chapter.” Rather, they are made to a chapter endowment honoring a beloved spouse or a favorite civic group or a popular newly retired teacher. This trend is particularly evident in the growing popularity of memorial endowment funds that are established shortly after the death of a local person. Many bereaved families ask their Dollars for Scholars chapter to accept donations in lieu of flowers. Chapters usually respond to this request in one of two ways. They accept donations “temporarily” and then disburse them as scholarships in the next award cycle. Or, the chapter offers the family the opportunity to establish a permanently restricted endowment in the name of their loved one where the donations will be invested and the income from the endowment will be used as scholarships indefinitely (in perpetuity).

And finally, chapters are turning to endowments because donors like them. Having an endowment gives the chapter the kind of stability, longevity, and credibility many donors prefer. Donors like to see their gifts “grow,” and they appreciate the opportunity to make their gifts to an endowment rather than to have it “spent.”

As Dollars for Scholars chapters encounter these circumstances, they are weighing the benefits of endowments against the added administrative obligations they require.

## Chapter 2: Building an Endowment

### 1. Motivators – “Living in Hearts We Leave Behind is not to Die”

Once a Dollars for Scholars chapter decides to build an endowment, the next big decision is how to encourage ongoing community support. In fact, this challenge can be relatively simple when the endowment is linked so closely to higher education and scholarships for local students. Listed here are a few specific motivators that are natural partners with local chapter endowments:

Community Pride – A Dollars for Scholars chapter can be an effective reflection of civic pride. Longtime supporters are usually happy to make contributions to a chapter endowment because they appreciate the permanent nature of an endowment. Local civic groups from the Rotarians to the Garden Club to school parent groups are inclined to make donations to the chapter endowment as a demonstration of their own overall civic pride, happy with the clear education link.

Gratitude – Families of former chapter scholarship recipients are likely to support a chapter endowment because they have experienced first hand the benefits of their chapter’s support. Further, they understand the benefits to upcoming students.

Looking to the Future – More than a few chapters have found themselves starting an endowment when an unexpected bequest comes their way. A chapter can never really know who in their community has been quietly aware of its efforts and its success and who has been motivated to support its work. Most commonly, bequests come from couples or individuals with no children or close next of kin.

Recognition – Communities with a culture of strong local citizen support will embrace a Dollars for Scholars chapter endowment reflecting that culture. Donations are readily made to an endowment that recognizes local citizens on special occasions such as retirements or other honorary accomplishments and milestones. Such individuals can range from a long-time high school English teacher to a popular elementary school crossing guard to a very visible police officer to the middle school custodian to the town-wide school nurse. Occasions to honor the gamut of “special” people and “special” occasions in every community are limitless.

Memorials – This “motivator” is the most sensitive but by far the most common reason Dollars for Scholars chapters have endowments. Communities with active chapters often turn to their chapters to memorialize people from all walks of life. From the highly emotional local high school tragedy to the natural passing of the elderly, memorial gifts to Dollars for Scholars chapter endowments are a very popular way to “do something” lasting in memory of a recently deceased person.

### 2. Named Permanent Funds or General Chapter Endowment

First in any chapter discussion about endowments is how the chapter wants it organize its endowment. Does the chapter want to receive gifts into one general endowment “pot” that generates income from which chapter scholarships are made every year? Or does the

chapter want to receive gifts into individually named “pots”, each one generating one or more annual named scholarships? Or is having both kinds of endowments the best way to go? Both have their advantages and disadvantages. And once a chapter chooses its preferred endowment approach, there are a variety of ways to implement it.

Gifts made to a general endowment may be given with no particular association to an individual or group or company, but simply to have the gift added to the chapter endowment. Other gifts may be donated to the general chapter endowment in honor or in memory of someone.

On the other hand, gifts can be given to a chapter with a “name” permanently attached. The name can be that of a person, a civic group, a local club, a local business, or really any variation thereof.

Whether handling a general chapter endowment or individually named permanent funds, collecting and using the information associated with receiving endowment gifts is often daunting to Dollars for Scholars chapter volunteers. They recognize the increased role of accurate record keeping when accepting gifts intended for endowments. What information should a chapter collect about donors? About any person or group being honored or memorialized? About any other donors to a named fund? How often should a chapter communicate with donors who initiate named funds and what information should those communications provide? How much accumulated money should be collected before a named fund is officially considered permanent?

Chapters will want to reach a few basic decisions about their endowment early on in their discussions with their boards of directors. Once a consensus is reached, the chapter will be well positioned with a chapter endowment policy to move forward confidently. Here are some considerations:

#### General Endowment or Named Permanent Funds

*General Endowment* – This approach can require less overall record keeping. Important information might be limited to donor details, details about any persons or groups “named” at the time of the gifts, and possibly the names of the student award recipients associated with this one-time named gift. Dollars for Scholars chapters working with this kind of endowment usually make scholarship awards in the names of identified groups or individuals only once – in the award cycle immediately following receipt of the gifts. After that initial cycle, scholarships awarded from the income earned by the general accumulation of restricted gifts are usually identified as coming from the “Anytown Dollars for Scholars General Scholarship Fund” or another collective title of that nature. Once the initial gift is deposited with the general endowment, acknowledged, and ultimately associated with a specific scholarship award, the chapter may choose to discard the information. On the other hand, chapters may decide to keep these donor records “on file” for general fundraising and other public relations reasons.

*Named Permanent Funds* – This approach usually requires more detailed record keeping about donors and gift amounts, about the individuals or groups named in each fund, and even about the student recipients of the scholarships generated by each named fund. Unlike the general chapter endowment, individually named permanent funds generate named scholarships every year, and people often make annual donations to those named funds. Dollars for Scholars chapters with named permanent funds report that this approach has built long-term loyalty to and interest in the chapter. This loyalty and interest in turn have generated indefinite and ongoing financial support allowing the chapter to award more and larger scholarships – ultimately resulting in a growing list of named funds and more record keeping! Unlike the “general endowment” approach, the personal and emotional association with the chapter may be more likely to continue when the “named” fund provides “named” scholarships year after year.

### Offering General Chapter Endowment and Named Permanent Funds

Ultimately, chapter experience indicates that having both types of endowments generating scholarships in one chapter may work at cross-purposes. Determining what will work best in any given community is dependent on assessing the potential giving habits of that community. Chapters with endowments find, generally speaking, that “named” gifts, if given in sufficient quantity, lead naturally to named permanent funds. Named gifts accumulating in smaller quantity, on the other hand, lend themselves to a general chapter endowment. Knowing the philanthropic habits of a community will help a chapter board of directors choose the endowment approach that is likely to work best for their chapter.

Another increasingly popular option for chapters is maintaining a general chapter endowment for purposes other than scholarships. More and more chapters are establishing general endowments to help support their overall operating expenses, from simple expenses such as postage and stationery and photocopying to more demanding expenses such as chapter employees for larger chapters. Having both a non-scholarship endowment as well as a “scholarship-generating endowment” can prevent the cross-purposes problem noted earlier and help a growing chapter better “afford” that growth.

### **3. Deciding What is Permanent**

Dollars for Scholars chapters that work with one endowment “pot” generally do not have a minimum level of giving. Donors simply designate their gifts to the chapter endowment and the general endowment grows.

Chapters that work with multiple endowment “pots” usually establish a minimum total of principal gifts to each fund to determine that fund’s permanency. Only when a fund is permanent is the income it generates used to make scholarship awards. This minimum figure varies in the Dollars for Scholars world from \$1,000 in total principal receipts for a named fund, to \$10,000 in total receipts. To assist donors supporting individually named permanent funds, some chapters provide for “accumulating” fund status. Donations are added to a designated “pot” over a specified amount of time, allowing a fund to grow to permanent status over time rather than requiring a fund to become permanent with one

single gift or over a few short weeks. The higher the minimum level required to achieve permanent status, the more likely a chapter will provide for both accumulating named funds and permanent named funds.

When discussing the minimum principal level for permanent status, Dollars for Scholars chapters usually consider several issues:

- Does the chapter have, or wish to have, a minimum scholarship amount (for example \$300 or \$500)? If so, the chapter may want to require each individually named permanent fund to have a principal balance large enough to support that minimum amount.
- What permanent “threshold” might be too high to appear affordable in your community, and, conversely, what permanent threshold might be too low?
- If offering accumulating fund status, how long should a named accumulating fund be allowed to grow before it must reach permanency? The answer to this question is dependent on what principal balance must be received for a named fund to be permanent. Most chapters allow at least five years; others allow up to fifteen years.
- What will happen if an accumulating fund doesn’t reach permanent status in the allotted time period? Most chapters will award all accumulated funds as a one-time scholarship in the upcoming scholarship cycle once they have determined that the accumulating fund is unlikely to grow to permanent status.
- What should the chapter do with the income that accumulating funds generate while they are growing? Most chapters use the income to supplement permanent or general fund awards; this allows newly permanent funds to provide scholarships as soon as possible even though they might not have earned income for a full twelve months. Other chapters hold the earnings until the fund reaches permanent status.

#### **4. Contract Between Chapter and Donor**

When most Dollars for Scholars chapters receive an unrestricted gift (with no specific instructions), an unwritten agreement already exists between the donor and the chapter. The donor assumes the gift will be used for scholarships, and the chapter is obligated to honor that unwritten agreement. The donor understands the gift will be held temporarily until the time scholarships are actually awarded and then will be spent in its entirety for one or more scholarships. Even so, chapters usually acknowledge all gifts, even when not permanently restricted, confirming that the gift was received and will be handled as the donor expects. When chapters have fundraisers such as golf tournaments or dances or road races, the participants understand, via the same unwritten agreement, that the proceeds from the fundraiser will be used for the stated purpose. As with outright gifts, the total proceeds resulting from the fundraiser are temporarily restricted to the stated purpose of the event, to be spent in due course as expected.

With endowments, however, Dollars for Scholars chapters recommend that chapters establish more formal, written agreements with their donors. Both parties need to understand what is expected, thereby avoiding misunderstandings. It is important to note that once a donor has turned funds (cash, securities, real estate) over to a chapter, the funds become the property of the chapter. On the other hand, a chapter, once it accepts a gift, must honor the terms of the agreement they have made with the donor. Happy

donors not only continue to give to the chapter, but they are great for positive and ongoing community public relations.

With gifts to a general chapter endowment, a formal agreement can be less complex, since the expectation of the donor is that the chapter will add the gift to the endowment. It may be as simple as sending the donor a formal acknowledgment confirming that the gift was handled as indicated. If, however, a chapter accepts gifts to its general endowment in honor of or in memory of someone, it is appropriate to have clearly stated guidelines available to donors. While not a formal, signed agreement, these guidelines set appropriate expectations for the donors who can make their gifts with an understanding of how the chapter will handle them. Chapters in this case often stipulate that scholarships with names attached will only be awarded once, during the award cycle immediately following their receipt. The chapter may acknowledge the gift to the donor, and also to interested parties, such as an honoree, next of kin or employers. Whenever a chapter sets specific guidelines, and no matter what those guidelines are, the chapter is then obligated to keep sufficient records so that it can verify that it has honored those guidelines.

Agreements with donors who initiate named permanent or accumulating endowment funds should be more formal and should involve signatures. The agreement needs to clearly state what the chapter will do and what the donor will do. Here is a list of important details to include in an agreement between a chapter and a donor:

#### *Fund Details*

- Formal name of permanent (or accumulating) fund
- Contact information for the individual/group initiating the fund (fund sponsor)
- Amount of initial gift
- Date of initial gift
- Date fund becomes permanent (important if it starts out as an accumulating fund)
- Publicity – if requested and what kind
- Biographical/historical information on person/group/business named in the fund
- Contact information for other interested parties
- Scholarship recipient preferences
- Fund Sponsor signature

#### *Chapter Details*

- Clearly stated policy regarding permanently restricted gifts and named funds
- Required principal balance to establish a named permanent fund
- Requirements to establish and maintain an accumulating fund
- Policy on scholarship selection
- Policy on donor/sponsor preferences relative to the background and career goals of scholarship recipients
- Policy on educational goals a scholarship will support
- Chapter Official signature

## 5. Chapter-Designated Endowments

Up to now, we have discussed chapter-designated endowments that generate scholarships. Earlier, however, we alluded to chapters establishing endowments for purposes other than scholarships. A chapter's board of directors may wish to establish an endowment for other reasons, most commonly to help underwrite the chapter's operating expenses. This kind of endowment is increasingly in use among chapters that are growing and active in their communities. Their very success forces their expenses to increase.

Chapters add to these non-scholarship endowments using a variety of methods. Some hold annual fundraisers strictly to raise endowment funds for operating expenses. Others split a percentage of the proceeds of fundraisers between an "operations" endowment fund and a "scholarship" endowment fund. Others have set up a specifically named operating fund (e.g., Anytown DFS Administration Support Fund), inviting community donors to support the overall work of the chapters as well as its scholarships.

As chapters consider establishing endowments for the first time, or to broaden the scope of their endowment activity, chapter-designated endowments are another option to explore.

## Chapter 3: Chapter Record Keeping

The information contained in chapter records can be used for varied purposes, from corresponding with scholarship recipients to thanking chapter donors to supporting chapter fundraising and public relations.

Extensive input from Dollars for Scholars chapters reveals four key data categories for each individual gift or event: who gave the gift, what its value was when it was received, how it is to be used, and how it is connected to an actual scholarship. Thus, it is important to collect simple information about a chapter's "unrestricted fund" (or general fund) and, if they have one, its "restricted fund" (or endowment fund). If a chapter has multiple individually named permanent or accumulating funds as part of its endowment, it is important to capture even more data. Further, collecting basic information about each donor who gives to the chapter or participates in a chapter fundraiser is important, as well as collecting basic information about each gift a chapter receives. Finally, it is important to collect information about each applicant for a chapter scholarship. All of this data, when connected allows the chapter to assess its activity and its growth, report that information to its Board of Directors, and share that information with its community.

### More on Individual Endowment Funds

Dollars for Scholars chapters with permanently restricted endowments comprised of separate individually named funds strongly recommend having lots of information about each fund – the more information, the better. The benefits of information are extensive and will be covered in Chapters 4 through 8. This sub-section of Chapter 3 offers record keeping techniques that are less technological but help make a chapter THE FAVORITE local charity, not just one of many.

Because the very nature of a named endowment is personal and permanent, chapters recommend maintaining a cache of well-defined paper records in addition to their computer records. Time will eventually erase all direct contact between those who establish a named fund and the chapter volunteers serving at the time. Eventually, every named fund will represent someone a chapter board has not known or even heard of. To maintain the "personal touch" and to honor the promise of perpetuity, chapters suggest keeping a variety of miscellaneous records for each named fund. They believe that these additional records complement computer records and give their named funds real vitality. The incidental records flesh out and deepen the true picture of a named endowment fund. Also, information helps make chapter anniversaries and other milestones more personal.

- News clippings – Keep copies of news clippings such as obituaries and feature stories about the entity (person, group, business, etc.) named in a fund. Use the library or the morgue of a local newspaper to acquire additional information if current information is not available.
- Photographs – Newspaper photos are fine, but if actual prints are available, keep them on file.
- Biography or History – Ask the fund sponsor (person who established the fund) to prepare a brief biography or history of the person or other entity named in the fund.

If that isn't possible or practical, create one from other sources – news clippings or obituaries, for example.

- Student Thank You Notes – Keep originals or photocopies of all student thank you notes that come into the chapter's possession.
- Original correspondence – Keep originals of all correspondence from a fund sponsor.

Chapters that maintain even minimal office space are best able to manage these kinds of paper records. They have the luxury of establishing an appropriate filing system that is stable and secure. Chapters that move their records from one volunteer's home to another as they rotate responsibilities have more difficulty implementing these suggestions. Some chapters rent office space, but others successfully bargain for space in local town offices or school department facilities, within individual schools, at libraries, and even in local businesses such as banks and insurance offices. Better storage will result in better and more accessible records.

## Chapter 4: Communications Between Donors and Chapters

Dollars for Scholars chapters with substantial and growing assets insist that their growth directly correlates to the communications they maintain with their most faithful supporters. They point out that all donors, whether making a gift to an endowment or making an unrestricted contribution, regularly receive a variety of simple communications. This product will help chapters use a database to enhance and expand their ongoing contact with donors.

### 1. Thank You Notes

Without exception, chapters emphasize the key role simple – and timely – acknowledgements play in the relationship between a chapter and its donors. Any gift, no matter how small, receives a prompt, formal acknowledgement. Some chapters have volunteers whose sole purpose is to generate thank you correspondence. Many chapters use specially designed stationery for this purpose. A database of donor and donation records can help a chapter generate whatever thank you correspondence details they might find appropriate for their acknowledgements, from preparing envelopes, to customized form letters, to lists from which handwritten notes are prepared. Whatever the strategy, this form of communication is the most basic, the easiest, and the most successful element in maintaining a positive profile in a community.

### 2. Status Reports

Chapters are usually very busy throughout the year raising funds, distributing scholarships, and generally going about their activities. Most chapters recommend sharing their activities and successes in the form of directed, specific, even strategic communications with loyal donors and other interested parties.

One simple but required communication is notifying all donors whose total annual gifts exceed the \$250 threshold set by the IRS. While some donors may have saved each separate acknowledgement from a chapter, not all are so careful and would appreciate having a complete list with pertinent details to assist them at “tax time.”

Chapters with single-year named scholarships or multiple named permanent or accumulating funds recommend keeping track of donors and donations to these scholarships and individual funds. With this kind of detail readily available, chapters can provide the sponsors of their named funds and single-year scholarships with a variety of specific information at selected times in any given year. Such information can include donation information (names and addresses of donors), individual donor amounts, and student award information associated with their scholarships. Chapters that communicate with their sponsors regularly – once or twice a year – find that they receive ongoing loyalty and support in good community relations as well as steady charitable giving.

## Chapter 5: Communications Between Chapters and Communities

Generally speaking, communications between chapters and their communities take the form of individual public relations tools. Some of these tools are primarily informational while others promote a specific fundraising campaign. No matter the purpose of these kinds of communications, all public relations materials disseminated in a community serve to enhance the visibility of the chapter and build general goodwill toward the chapter. With the appropriate data captured and easily retrieved, a chapter can effectively produce the details needed to generate a wide variety of public relations products.

### 1. Brochures

Brochures are a commonly used chapter public relations tool and they have many different purposes. Chapters produce a variety of all-purpose annual brochures. Some highlight a chapter's growth from one year to the next or even over two or more years. Others feature donor giving levels such as a listing of individuals whose annual giving exceeds a pre-determined amount (\$100, \$500, \$5,000). Another popular brochure format is to list all student recipients of chapter awards and the institutions they are attending.

For fundraising purposes, chapters produce more specific, targeted brochures that are often mailed to the entire community or to each donor on the chapter's database. See Chapter 8 for more information on this topic.

### 2. Local Media

Press releases in the local newspaper and targeted feature stories are the easiest public relations vehicles to keep a chapter in the public eye. Many chapters also make use of their local cable access channel. Using strategic and accurate chapter data, volunteers can accomplish many objectives. There is no limit to the various ways chapters can make effective use of the local media when relevant chapter information is available.

- Publicize fundraising events
- Provide key deadlines and due dates
- Highlight chapter milestones, such as money raised or a key anniversary
- Provide background information on the chapter and its operations
- Announce major gifts such as those from bequests or trusts
- Announce newly established named accumulating or permanent funds
- Feature selected longtime supporters of named funds established long ago
- Regularly provide college and financial aid information to the community

### 3. Speaking Engagements

Bringing the Dollars for Scholars chapter message to the public by speaking in a public venue is also a popular and effective means of sharing chapter efforts and successes. Chapter spokespersons can address comfortably local civic groups like the Chamber of Commerce and the Rotary Club, speak to the parent-school organizations in their

communities, and make simple – or even keynote – remarks at scholarship evenings and graduation ceremonies. Complete and accessible records make public addresses much easier as relevant data is easy to locate.

#### **4. Newsletters**

Although relatively few chapters currently produce community newsletters, this popular public relations tool is growing in use among Dollars for Scholars chapters. Timed to coincide with important chapter events, such as application deadlines or major chapter fundraisers, chapters can present themselves to the identified audience in a newsy, more light-hearted manner. Some chapters send their newsletters only to supporters while others distribute them to the entire community.

#### **5. Websites**

The Internet has opened a new door to chapter communications with the public. Websites are a relatively new but growing means of sharing chapter information within a community. More and more chapters have their own websites; others are part of their community websites. Many more are exploring website options. Having key chapter statistics and other important data on a website further enhances a chapter's visibility and its credibility, particularly with the student population and their parents who will turn to the chapter for financial assistance when the time comes to finance postsecondary education. And other practical uses for websites include downloading applications and the capability to accept credit card donations.

## Chapter 6: Communications With Dollars for Scholars Volunteers and Staff

Chapter officers, most often the treasurers, are in the habit of reporting a variety of financial and other statistical data related to chapter activities to their fellow volunteers, most commonly at the regular chapter meetings and annual meetings. These same officers also have a responsibility to provide more formal reports to the National Dollars for Scholars Office. Much of this data is the same as that collected for public relations reasons and to share with donors, but is usually presented to chapter volunteers in a less formal manner. Regardless of the presentation, freely and efficiently sharing chapter information with volunteers is a practice chapters highly recommend. Doing so provides the heart of the chapter – the volunteers – with the information to be comfortable and enthusiastic about the mission and credibility of their chapter.

### 1. Donation Reports

This is the most common information chapter treasurers share with their fellow volunteers. By having varied information at their fingertips, treasurers can provide continuous, current, and comparative reports on donations, chapter growth, and endowment growth by month, by quarter, by year.

### 2. Dollars for Scholars Reports

The National Dollars for Scholars Office requires a *Chapter Recipient List* every year from every chapter. Chapter officers or committee chairs can produce this report easily if complete student records are available. In addition, the National Office requires a Chapter Financial Report every year. With accurate and current financial records, this report is also easily generated.

### 3. Student Recipient Reports

Learning who the chapter's scholarship recipients are is usually the most eagerly anticipated information for chapter volunteers. They look forward to all kinds of chapter and student data, from how much money will be awarded, how many students are recipients, what the average award is, to what institutions their young people are attending. With complete and accessible records, the volunteer preparing the award checks can easily generate a list of the key information to share with the chapter. Further, many chapter volunteers are very interested in ongoing chapter data such as how much the chapter has awarded since its inception and how many students have received awards since the chapter began. Of course, this same information is helpful in producing effective public relations materials to demonstrate the chapter's success.

## Chapter 7: Communications Between Chapters and Students

Students who apply for Dollars for Scholars scholarships are the lifeblood of every chapter – the reasons chapters exist and the focus of chapter fundraising. Chapters take great care to communicate with them regularly and in a timely manner. Further, correspondence with students takes many different forms with varying degrees of importance. An easily retrieved database of complete student and institutional information makes this facet of chapter operations much easier and more efficient.

### 1. Congratulations

The letter of congratulations is universal to almost all chapters, as is the letter of regret for those chapters that do not award scholarships to each applicant. Most chapters include a great deal of very important information in their congratulations correspondence. Many students send a copy of this letter to their school as verification of a private scholarship. Chapters that emphasize the importance of student thank you notes provide additional specific information to their recipients such as contact information for the scholarship sponsor to be thanked, and even thumbnail sketches of the sponsors themselves.

### 2. Collegiate Partner Information

Many Dollars for Scholars chapter recipients attend Collegiate Partners institutions that will match a portion of a chapter award. Chapters recommend providing the pertinent information to students and families when this occurs. Equally important is having a chapter volunteer complete the Matching Grant Request Form found at the back of the *Collegiate Partners Directory* and returning that Form to the college contact as soon as possible.

### 3. Award Checks

This is the primary – and most anticipated – communication between a chapter and its student recipients. Chapters have a variety of ways to prepare and distribute their award checks. Some distribute them in one check at the time they are announced. Others distribute them in one check at the start of the second semester upon verification of enrollment and satisfactory progress. Others distribute them in two installments to correspond with the college billing cycle.

### 4. Financial Aid Directors

Many chapters prepare letters to their recipients' postsecondary institutions stating the conditions under which the award is made and requiring the institutions to return the all or a portion of the award if the conditions can not be met. This ensures that the communities' support is applied to the best advantage of the students and their families.

### 5. Returning Students

Some Dollars for Scholars chapters accept applications from students throughout their undergraduate careers, and even beyond. These chapters have a variety of ways to communicate with returning students to be sure they reapply. Some send the new application directly to each prior year's recipient while others send a simple postcard reminder. And still others don't send anything, requiring interested students to follow up on their own.

## Chapter 8: Communications With Current and Prospective Donors

As chapters strategize on their short- and long-range plans for growth and success, fundraising is a critical part of those plans. Donor information is key to getting the chapter message out to the community at large. Public relations is a big part of that chapter message. Another important factor, however, is getting chapter publicity into the hands of people who will respond favorably to the chapter's requests for financial support.

Most growing chapters successfully appeal to all levels of giving in their communities. They tailor their fundraising efforts to each giving "category" using the donor data they have readily available. One common approach is to make strategic use of direct mail. Direct mail is usually a large, mass mailing to anyone and everyone in a community, and it can be an effective way to raise funds and publicize a chapter's mission and success. But chapters can also "direct their mail" throughout the year using donor data to target a specific audience.

### 1. Non-fundraisers

Major donors are a favorite chapter friend, and chapters routinely recommend some form of special non-fundraising communication in between donations. Special invitations to afternoon teas, business breakfasts and luncheons, award ceremonies, and chapter annual meetings are successful methods of providing appreciated extra recognition while at the same time nurturing a long-term relationship that includes important giving. Sending annual reports, brochures, even newsletters accompanied with personal notes is also an effective way to "stay in touch" without directly appealing for a donation.

### 2. Regular Supporters

Just as important to ongoing chapter growth are the donors whose gifts are smaller – but steadier. Regular supporters represent more than the friends of the chapter who respond to financial appeals with a check. They also donate raffle prizes, offer their homes and businesses for chapter meetings and events, participate in chapter fundraisers, and generally give their support in many less obvious but very tangible ways. By keeping track of regular supporters, chapters can readily identify local people whose financial support is quiet but consistent, and tailor both informational communications and fundraising communications appropriately.

### 3. Inconsistent Donors

Chapters recommend keeping an eye on donors who give intermittently such as once a year or once every few years. This group may warrant special communications designed just for them as an enticement to more consistent giving.

### 4. Special Events

Chapters find donor data very helpful when it comes time to celebrate chapter anniversaries and other milestones. These kinds of occasions make great reasons to send a direct mail to **every name** in a chapter's database, including donors, former recipients, and even recipients' parents. Some chapters hold big parties; others use the occasion to initiate a special fund drive or endowment and ask for gifts to mark the milestone.

## **5. Alumnae Giving**

With the appropriate data available, chapters can work closely with their local high school reunion committees to raise endowed class scholarships or reunion-year scholarships. Doing so keeps the ongoing work of the chapter in front of all alumnae. Chapters indicate that this kind of visibility builds long-distance support, broadening the chapter database and extending the Dollars for Scholars program while effectively maintaining ongoing hometown connections.

In a similar vein, chapters strongly recommend staying in touch – both informationally and in a fund raising capacity – with former recipients. This audience has a built in loyalty factor that helps ensure continued giving that is likely to increase as the former recipients grow older.

## Chapter 9: Growing Chapter Assets

Adding to a chapter's assets requires steady attention to three areas of its operations:

- Raising scholarship money
- Distributing that money as scholarships
- Sharing ongoing work with the community

A chapter can vary its techniques for raising money, it can modify its award process as needed, and it can market itself in a multitude of ways – but it needs to be working in all three areas all the time. By keeping accurate records, chapters can work with the data they have to efficiently tackle its operations.

Building an endowment continues to be a highly effective strategy for maintaining ongoing loyalty in a community and ensuring that more and larger scholarships are awarded to local students indefinitely. Chapters can emphasize that there are many reasons and occasions for their supporters to make gifts to a chapter endowment – birthdays, anniversaries, holidays, religious milestones, graduations, memorials.

Chapters with substantial endowments suggest that growing chapters become familiar with more sophisticated giving plans including charitable remainder trusts, life income agreements, charitable lead trusts, gifts of appreciated securities and real estate, charitable gift annuities, retained life estate, wills and bequests, bargain sales, life insurance, and retirement plan assets. They recommend producing a brochure targeted to donors who make donations to the chapter endowment or who are sponsors of named permanent funds as they are more likely to be familiar with long range giving plans.

Chapters with significant endowments also recommend producing more formal reports for major donors and sponsors of large named endowment funds. Such a report might resemble a more traditional corporate annual report that allows for the opportunity to expand on specific features of the chapter's work or success and also to recognize major giving levels. Since "annual reports" can be expensive to produce, these chapters also suggest producing them every other year or every third year.

Chapter growth has a "catch 22" aspect to it. The more successful a chapter is in accomplishing its objectives, the larger it gets. The larger it gets, the more information it must capture. The more information it captures, the more complex its operations become. Having access to efficient data collection and manipulation helps a chapter manage its growth successfully.

## Chapter 10: Investing Chapter Assets

Dollars for Scholars does not provide chapters with specific investment advice. On the other hand, chapters are well advised to follow a few recommendations from our larger Dollars for Scholars chapters who have ventured into this arena.

### 1. Investment Committee

Chapters, without regard to the size of their assets, should have an investment committee. No person alone should make decisions about where chapter assets should be placed until it is time to disburse them as scholarships. This is true whether chapter assets are placed in local checking or savings accounts or with large, national investment companies.

Investment committees are usually comprised of interested and knowledgeable chapter volunteers who are willing to be stewards for the chapter's assets. It is the investment committee that will prepare an investment policy and recommend that policy to the chapter's board of directors for approval and implementation.

The role of the investment committee often takes on additional importance when a chapter has an endowment. Donors to an endowment have a more personal interest in how a chapter approaches the entire subject of investing. These same donors are also likely to be familiar with investments and investing.

### 2. Investment Policy

No matter whether a chapter has an endowment or only unrestricted assets it is holding "temporarily" until award season, the chapter should have an investment policy. The policy should state the chapter's philosophy toward investments. That policy will serve as a guide for current and future investment decision making.

### 3. Conflict of Interest Policy

A conflict of interest is a situation that occurs between a director or chapter officer and the work of the chapter that might cause the chapter to be exposed to criticism, embarrassment, or litigation. To avoid the chances of a conflict of interest arising, chapters should have a general statement of their philosophy toward handling situations that arise that may put the interests of the chapter in conflict with the interests of one or more private parties. Some chapters require board members to sign a conflict of interest statement.

### 4. Gift Policy

With or without an endowment, a chapter should have a general statement of its philosophy toward accepting gifts. This statement will serve as a guide for reviewing potential gift situations to determine whether it is in the chapter's best interest to accept or decline a gift. While it may seem an unlikely occurrence, circumstances can arise where a gift has "strings attached" that may prove onerous to the chapter. With a gift policy in place, the chapter will have the opportunity to choose to accept such a gift or politely decline.

## **5. Investment Managers**

As a general guide, chapters can look at several areas when assessing potential investment managers for chapter assets. One of the areas is the cost associated with investing, including commissions and transaction fees. Another area is the investment results of the potential manager. It is wise to review performance over longer periods of time and to compare those investment results in proper context. A third item to review is the services the manager will provide to the chapter. And finally it is important to thoroughly examine the chapter's risk threshold and the recommendations the manager makes for investing the chapter's assets. Having an investment committee to review many of these questions and then make a recommendation to the board makes investment decisions easier.

## Chapter 11: Samples of Endowment Materials

We have included several samples of the suggestions included throughout this workbook. These samples are taken from current chapter operations. They can easily be adapted to a format that best suits that chapter's interests.

The *Samples* are presented in related categories:

- Endowment Guidelines

- Endowment Agreements

- Fund Sponsor Correspondence

  - Fund Details

  - Fund Biography/History

- Thumbnail Sketch

- Student Recipient Correspondence

- Award Ceremony Program

- Fund Sponsor Reports

  - Donor List

  - Semi-Annual Statement

- Fund Award History Report

- Acknowledgement Stationery

  - Fundraising Campaign

  - Unrestricted Gifts

  - Restricted Gifts

  - Honorary and Memorial Gifts

- Brochures

  - Five Year History

  - Annual Recipients of a Named Fund

  - Donors in a Specified Giving Level

  - Direct Mail Brochure

  - Establish a Named Endowment Fund

  - Grow a Named Endowment Fund

  - Direct Mail enclosures

- Certificate for a Named Endowment Fund

- Newspaper Photos

- Financial Appeal as Newspaper Insert

# SAMPLES