

(You may need to zoom in to read the full article)



Endowment Fund Raising

(Can we really raise money for this?)

By Barry Nickelsberg

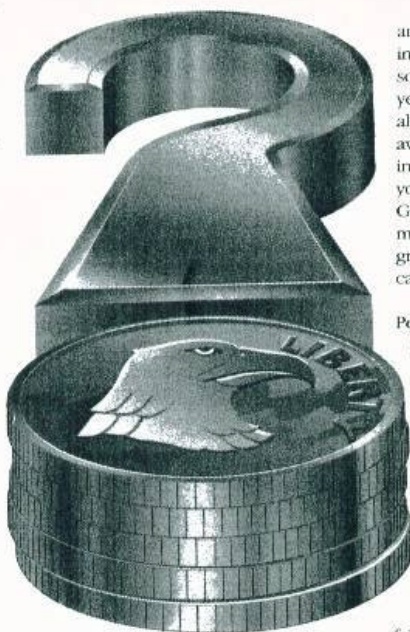
On the fund-raising wish list of practically every school in the world, there are two things that appear: General operating support and endowment. If I had a nickel for every time I heard someone say, "We can't raise money for that," I would be a very wealthy man today. And so, when I was asked to write this article, it took me quite some time to put the words down on paper because I know that most people reading this will say, "That's all well and good, but we can't do that." Now if I can just figure out how to get a nickel from each person who says that after reading this, I can finally retire.

Since you are not particularly interested in sending me a nickel, feel free to humor me and possibly yourself by reading on. Let's start at the beginning. An endowment is money that is raised and invested rather than spent. You may spend the interest or the dividends that the endowment earns each year, but you may never (here's a technical term) invade the *corpus*. In simple language, this means you can't touch the principal, only the interest.

Schools, hospitals, colleges and universities, even some social service agencies and cultural institutions maintain endowments of tens of millions, in some cases hundreds of millions, and in a few cases billions of dollars. The simple fact is that if they can do it, so can you. There is actually nothing magical about raising endowment funds. You need to understand the motivation for giving and how to ask, but that is about all that is standing in your way. Are you ready to hang onto that nickel yet?

When you finally take Lady McBeth's advice and, "... screw your courage to a sticking place..." and decide to plan an endowment campaign for your school (although I do not believe that is what Lady McBeth was talking about) here are a few simple steps to guide you. Now I can imagine you are saying to yourself, "Oh, if he says it is simple, he either has one card short of a deck or he's teasing." Actually, the first scenario may be true but that has nothing to do with the ease of setting up an endowment campaign. Further, although I like to tease as much as anyone, this time I am serious.

Begin planning your endowment cam-



paign by considering how you will use the money that you are able to spend each year. Paying general operating costs, scholarships, advanced teacher training, publications, updating equipment, etc. are all legitimate annual expenses. As such, all of these are prime candidates as the focus for an endowment. Now determine how much money you need each year for all of this and assume a five-percent return on your money. If the dollar figure is five percent of the total, simple math will tell you what the total endowment must be to yield that dollar amount each year.

As you have now determined the size of your endowment, it is time to figure out how your endowment will be invested. Speak with several local asset managers who can advise you on how they would invest your endowment money. When you feel comfortable with one particular plan, make sure you have the investment strategy in writing, as those who invest in your endowment will want to see just how their money will be invested on your behalf.

Talk with some of these folks quietly and privately. Let them know that you are implementing an endowment campaign so that you need not "go back to the well" year after year. The annual fund raising for all those little "necessary" things takes you away from your ultimate mission of providing the best possible education and turns you from an educator into a fund raiser. Given that so many others have implemented an endowment campaign with great success, now is the time for your campaign.

Talk about the future of your school. People invest in the future. Talk about the programs that you will develop, the extra-curricular activities, the updated computer labs, the increased number of students, the new teachers, etc. Give people various opportunities for investment: The \$1 million Founders Club; the \$100,000 Benefactors; the \$25,000 Scholars; the \$10,000 Regents; the \$5,000 Patrons; and the \$1,000 Friends. If you have just said to yourself, "We have no \$1 million potential donors," you are normal, and you are more likely wrong. Many people fairly close to us have hidden resources. Some people are affiliated with family foundations. As those foundations either make grants themselves or divest their assets to other tax-exempt organizations, your school could become a major beneficiary. Never set your sights too low.

You may wish to tell your story in the written word, sometimes known as the case statement. In this document, not more than 1,200 words long, you should talk about your future, not your needs. Realizing the needs of the donors, to support something of great importance to them and to the community (in that order) as well as to support something very successful, are the needs that you must address in such a document. Just keep repeating to yourself, "My school does not have needs, only opportunities."

You should really try to tell your story with photographs. Good action shots are very important. If you don't wish to print all this up, use your word processor and at least make the words look nice, and then enlarge your photographs to 8" x 10." This makes a nice presentation, especially for