

ACHIEVING ACCREDITATION

Funding Options

Professors aspire to someday be president of their college or theological school. However, financial pressures can make presidents wish they were professors again. Many presidents have more vision than can be funded. They know that more could be done... if funding could be found. Other presidents are concerned with what is already being done ... but not being done well enough. They feel the pressure of underpaid faculty, deferred maintenance, lots of bills, and a growing wish list. Some schools seem to teeter on the brink of financial ruin. Yet, there are common ways that schools can develop financial stability. Financial stability will not mean the end of a president's problems. However, such stability will allow a president to lose sleep over *other* issues than the budget.

So how does a rather small or new school find funding? Tuition might be expected to cover anywhere between 30% and 70% of the annual costs. Perhaps a founding church, association of churches, or some generous board members have been funding the rest. To develop more resources, a school should develop more sources of resources.



Where to Start: Build the Donor Base

Although large gifts from a couple of wealthy donors may be larger than many small gifts from many donors, the way to start developing financial stability is to cultivate relationships with many small donors. Thus, a good place to start is with annual appeals. Annual appeals can be made by means of direct mail, phonathons, special events, or other means. A combination of such special events

will help you develop a list of donors. These past donors are people who have shown they believe your ministry is a worthwhile investment of God's money. The list of donors (who you can continue to cultivate for future gifts) may be more valuable than the money raised.

A reasonable goal for beginners at fundraising might be to send one or two direct mail solicitations per year (e.g. an appeal letter with a pledge card and return envelope), conduct an annual phonathon (e.g. have volunteer students call your alumni, past donors, and other friends), and host one or two special events per year (e.g. an annual banquet). In all of these type annual appeals, you will want to produce pledge cards asking people to indicate a monthly pledge (preferably) or one time gift. You will also want to record their names, contact information, amount given, and what type

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appeal was successful. You will also want to provide an appeal on your web site for credit card donations. Any online donors will also be added to your donor list.



You will want to multiply volunteer opportunities. Recruit volunteers. Thank them. Treat them well. Volunteers tend to become donors. In fact, volunteers tend to give twice as much money as non-volunteers.

The Intermediate Step: Growing Donors

Once you have initiated methods of acquiring regular donors, you will want to begin cultivating some of these donors so that they will give larger gifts. Each time you conduct your annual phonathon, you will want to ask for a donation that is a little larger than last years. "Thank you, Mr. Smith, for this year's donation of \$25/month. The students who you helped train will never be the same. This year, could you have a greater impact on theological students by giving \$40/month?" You might institute giving clubs (e.g. giving \$25/month enrolls a donor in the silver circle, \$50/month in the gold circle, & \$100/month in the diamond circle).

If you already have established a good donor list, approaching these donors to contribute to a large capital project (e.g. fund a building or endowment) can help some of the donors grow into a larger financial commitment. Again, volunteers become key donors. When they give their time, they give their hearts. Their gifts grow accordingly. Alumni can be a good source of volunteers.

At this stage of development, a school may want to look into writing grant proposals to foundations. This may begin by contacting a grant writer to discuss which of your upcoming projects might interest a foundation.

Finding Real Money: The Large Gifts

The fact that 80% of your gifts may come from 20% of your donors makes it worth spending a couple of years cultivating a major gift. As you have continued to find new donors (e.g. through annual appeals) and worked toward growing donors (e.g. through giving clubs, capital campaigns), you will identify people who have a capacity to give large donations. As you get to know them through cultivation activities, you will discover if they have a passion for some of the things your school is doing. If so, they may be ideal prospects for serving on your board. Asking for volunteer service on a board is a powerful way to cultivate donations. Major donors on the board can be a prerequisite to launching a major gifts campaign. The board might provide anywhere between 25% and 75% of your donations.

Board members and other volunteers who are major donors can also help you ask others for large gifts (e.g. in a capital campaign). It is also wise to ask volunteers to consider including your school in their will (i.e. planned giving). A planned giving campaign can start with an annual letter and an annual estate planning seminar (e.g. how to structure your estate to avoid excessive probate taxes and assure the best care of your heirs).

A Stable Future

It takes time for a small school to develop the type of fundraising program that insures long-term survival and growth. In addition to developing sources of funds and methods of fundraising, the school will want to own a campus (or at least a building) and fund endowments.

An endowment is an investment of funds so that the interest can be used for a specified purpose (e.g. your school's special needs). By protecting the principle, you can assure ongoing funding and a stable future.



Endowments can also be used to *shape the future* of your school. We are disturbed to see schools

that were set up to train Christian workers become schools with no interest in serving Jesus Christ. What can we do to help assure a school will not lose its vision in fifty or a hundred years? One solution is an endowment. Endowing a chair of New Testament studies can assure that New Testament classes will always be offered. The New Testament faculty position is already (and perpetually) funded.

Is it time for your school to consider how to broaden its financing strategies? Perhaps it is time to start by launching an annual fund. Agron & Associates will be glad to discuss options with you.

Planning a Fruitful Endowment Policy

by the Rev. William C. McMorran

Creating an effective endowment policy is often postponed when survival is the highest priority. That is shortsighted. Failing to establish clear policies, or worse, failing to build endowments right away, is a quick road to failure.

In Mathew 12:33, Jesus says "Either make the tree good, and its fruit good, or make the tree bad and its fruit bad, for the tree is known by its fruit" (RSV).

Endowment is simply a tree planted by a Board of Directors. Its fruit will feed future generations, **IF** it is nurtured and cultivated by today's leaders.

The organization will be known by its fruit:

- fruit that provides scholarships
- fruit that builds buildings
- fruit that is replenished annually to meet whatever needs might arise.



There are different types of endowment, different requirements and different expectations. The Board must understand and implement policies to encourage donors, to nurture the tree and its fruit, so that the Mission of the School might go forward for many generations.

To learn more about building effective endowment policies and strategies, please contact us.

Note from Dr. Agron: Rev. McMorran is a Senior Financial Advisor for London Pacific Advisors Alliance. He was highly recommended to me by a respected source, and has been very helpful to one of my regular clients. We will be happy to put you in touch

with him so you can discuss what would be involved to set up or manage endowed funds.

Do a Friend a Favor

Help a colleague in his or her work. Tell them about Agron & Associates. Both of you will benefit.

If you refer someone to us, we will give them a free initial consultation, and (if they decide to use our help) will give them another free visit after five on-site meetings. We will also give you a **free** \$20 gift certificate to Amazon.com as a way to express our appreciation. If you refer a friend who is interested in phone consulting, we will give them three free phone meetings (i.e. as a free sample to try us out). If they decide to try us out (i.e. schedule three free phone consultations), we will send you a \$5 gift certificate to Amazon.com.

Services

- Accreditation Consulting: Two to four on-site visits per month
- Small School Mentoring: A visit every month, every two months, or every three months
- Telephone Mentoring: A weekly 15-minute phone call

While the primary work of Agron & Associates is assisting schools that are ready to progress toward accreditation, we can also be of value to small schools that are not ready to begin accreditation. A new service we are offering is to schedule a 15-minute phone call every week. A weekly telephone visit from an experienced mentor can be very helpful to

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administrators who want to develop their own expertise, as well as to those who want to develop their school.

