



# SCHOLARSHIPS FOR EDUCATION CHOICE

at SAGAMORE INSTITUTE

## How to Successfully Raise Funds for the Indiana School Scholarship Tax Credit (SGO) Program

A Guidebook for SEC Partner Schools



Copyright © 2018 by Sagamore Institute ALL RIGHTS RESERVED.

The materials contained herein are not general educational materials and are strictly intended for the use of schools who partner with Sagamore Institute's Scholarships for Education Choice Program. Any unauthorized distribution, copying, or use of the materials contained herein is strictly prohibited without the prior written permission of the Sagamore Institute.

To obtain permission to use the materials contained herein, contact:

Phone: 317.472.2052 [laurelc@sagamoreinstitute.org](mailto:laurelc@sagamoreinstitute.org)

This guidebook was primarily written by Independent Consultant Jessica Journey, MPA, CFRE. Jessica has successfully led fundraising efforts for Tax Credit Scholarship programs at The Oaks Academy and Covenant Christian High School. She has a master's degree and holds a CFRE certificate, and currently works as an independent consultant.

Dear Reader,

The Scholarships for Education Choice team at Sagamore Institute has compiled this Guidebook for our partner schools who are raising funds for Tax Credit Scholarships at their schools. Although we hope it is helpful to all, this guide is specifically written with those schools who have limited staff resources for development in mind.

The first two sections in this guidebook provide basic information that you will want to review and digest before you approach your first donor. The next two sections focus on finding, approaching and thanking donors. The last section provides some specific information on topics that may come up from time to time (for example, how to handle non-cash donations or how to approach a business for a donation).

We have added some space at the end of each section to help you reflect on any action steps that you would like to take. We hope that this "guidebook" format is a helpful way to learn and interact with the material presented. We want to equip you with the tools that will make your job easier, and we are always available to answer questions or provide additional support!

Sincerely,

Laurel Vanden Berg  
Director, Scholarships for Education Choice



Contents

- 1. **The Basics** ..... 4
  - Definitions** ..... 4
  - What is Fundraising?** ..... 5
  - What is Philanthropy?** ..... 6
  - What Are Nonprofits?** ..... 6
  - The State Tax Credit** ..... 7
  - Your Partnership with SEC** ..... 9
  - Getting your Board “On Board”** ..... 9
  - Impact on Students, Families, Schools and Communities** ..... 11
- 2. **Preparing for Donors and Donations**..... 14
  - Donors and Data** ..... 14
  - Capacity and Focus**..... 15
  - Making the Case, Branding and Messaging** ..... 16
  - Sample speaking points** ..... 18
- 3. **Developing Donors** ..... 21
  - Identification and Qualification**..... 21
  - Cultivation and Education** ..... 24
  - Solicitation and Acknowledgment** ..... 26
- 4. **Post-Donation** ..... 31
  - Three Meaningful Thank You Messages**..... 31
  - Demonstrating impact** ..... 32
  - Further Engagement**..... 33
- 5. **Other Helpful Information**..... 36
  - Basic Tax Terms** ..... 36
  - Business Donations** ..... 37
  - Donations of Non-Cash Assets** ..... 38
  - Working with Financial Advisors** ..... 39
  - Learning More about Nonprofit Fundraising** ..... 39



## 1. The Basics

- a. Definitions
- b. Fundraising, Philanthropy, Nonprofits
- c. The State Tax Credits
- d. Your Partnership with SEC
- e. Getting Your Board “On Board”
- f. Impact on Students, Families, Schools and Communities

This section focuses on introductory concepts that set critical context for understanding how to successfully raise funds for the Indiana School Scholarship Tax Credit (SGO) Program.

### Definitions

Let’s start by defining some terms and acronyms that you need to know. You may hear or use different terms in reference to this program. The law that created the program (Indiana Code 6-3.1-30.5 and 20-51) calls it the Indiana School Scholarship Tax Credit Program, so some refer to it as the “Tax Credit Scholarship” Program. The acronym SGO stands for Scholarship Granting Organization, which the law set up as the administrative vehicle to run this program. Because of that, the program is sometimes called the “SGO Scholarship” Program. Both terms are right and may be used somewhat interchangeably. Sagamore Institute is a Scholarship Granting Organization (SGO), and Sagamore’s scholarship program is called Scholarships for Education Choice (SEC).

Tax Credit Scholarship = SGO Scholarship



There are also two state agencies that have responsibilities and rules related to



this program. The Indiana Department of Education (DOE) has an interest in making sure that the students who receive the scholarships are eligible, and the Indiana Department of Revenue (DOR) oversees how the tax credits are applied.

## What is Fundraising?

Fundraising focuses on revenue generation for a mission. Fundraising may be conducted by tax-exempt nonprofits or other loosely organized mission-driven groups.

Tax-exempt nonprofits include many hospitals, private schools, human service organizations, and faith-based communities. Loosely organized mission-driven groups may include a student music group, a neighborhood crime watch, or a team of community do-gooders. Many people and groups participate in fundraising, whether they intentionally call it fundraising or not.

You are not required to have a certain tax structure in order to fundraise. But, the tax structure of the organization does determine the possibilities of how the money is treated. It also matters whether there was an exchange of goods or services (*quid pro quo*, for example) or not.

Ultimately, fundraising seeks to secure money for a specific mission (or purpose) – typically charitable in nature. Again, the charitable nature can vary widely and is open to interpretation by the individual. However, the charitable nature does determine the possibilities of the tax structure of the organization (501(c), for example) and, thus, the possibilities of how the money is treated.

### *Why it matters...*

You need to know that many different people are fundraising for a variety of causes. Having competition is not a reason to forgo fundraising or to wait until a better time of year. It is just an acknowledgment that people have other opportunities to give, so it is your responsibility to be clear about this opportunity and what may compel a prospective donor to act (i.e. donate) for your student scholarships.



## What is Philanthropy?

If fundraising is focused on the revenue generating activity, then philanthropy focuses on the decision of the individual to donate in response to the fundraising. If fundraising is about the asking or the getting, then philanthropy is about the responding or the giving.

According to Webster’s Dictionary, philanthropy is the “desire to promote the welfare of others, expressed especially by the generous donation of money to good causes.” In the Greek, philanthropy literally means the love of humanity. The term is focused more on the motivation, decision-making process, and intentions of the donor.

Someone who engages in philanthropic activity is considered a philanthropist. Philanthropists come in all shapes and sizes – and so do their philanthropic actions.

Research from the Lilly Family School of Philanthropy and its partner institutions makes it clear that giving persists across race, gender, class, and other demographic characteristics.

### *Why it matters...*

Philanthropy helps make sense of donors’ action and inaction. If you want people to choose to give, then you must understand the people. Getting clear about donor motivations is critical to funding scholarships. If you want to learn more about raising funds for nonprofits, see the suggestions at the end of this guidebook.

## What Are Nonprofits?

Nonprofits are corporations. Nonprofits are simply a type of corporation with a specific tax structure. This tax structure dictates the tax responsibility of the nonprofit organization itself.

This tax structure also dictates how a donor can treat the donation in his/her own tax filing. And, thus, this tax structure determines how the nonprofit can and



cannot describe the benefits of donation.

A 501(c)3, the most typical nonprofit tax structure, allows for federal charitable deduction upon tax filing by the donor. When you collect donations for the SGO Program, the donations are paid to and processed by Sagamore Institute. Donors may claim the 50% of the donation as a charitable contribution on their federal tax return because Sagamore is a 501(c)3 organization. Why can a donor only claim 50% of the donation as a charitable contribution? Because they are receiving a “benefit” on the other half in the form of a state tax credit (see next section).

#### *Why it matters...*

Your donors are accustomed to donating to nonprofits. Some of your donors may wonder if the federal deduction is relevant for their donation through the School Scholarship Tax Credit Program. The answer is yes. This is the best way to explain it to a donor: “If you itemize, be sure to include 50% of your SGO donation as a charitable deduction. Consult your tax adviser about how it may impact you.” We have a section on our website called [Understanding the Tax Benefit](#) that can be accessed through the donor page. Please review the information on that page for a more detailed explanation.

### **The State Tax Credit**

The Indiana School Scholarship Tax Credit Program was created by legislation at the state level. The law directs the Indiana Department of Revenue to set aside an amount each year to be used for TAX CREDITS that are available to individuals and businesses that donate to this program. The credit is for 50% of the amount of the donation and is secured by a certification number that is issued by the Department of Revenue. Sagamore Institute takes care of getting this number issued for each donation and providing a receipt letter to each donor with the certification number and instructions for how to claim the credit on their Indiana tax return.

A tax CREDIT has higher value to the taxpayer than a tax DEDUCTION. A tax deduction reduces the amount of income that is taxed; a tax credit directly reduces the amount of tax that is owed.



A number of other states have tax credit programs, with laws that vary across several key components (the maximum amount of credit provided, the type of donor that is allowed, the eligibility requirements for students receiving the credits, etc.). The laws create the context and constraints for the fundraising strategy and results.

Here are some of the key points that donors need to know about the Indiana program:

- A donor may designate a donation toward a specific school but not a specific student's scholarship.
- Donations may be made by individuals or corporations; there is not a minimum or maximum amount for each donation.
- The total amount of tax credits available in any given fiscal year resets on July 1<sup>st</sup>. Once those tax credits have all been allocated, no tax credits will be issued until the following July 1<sup>st</sup>. You can always check our website to find the amount of tax credits available.
- Donations may be made to the SGO program without the tax credit being issued (for example, a non-Indiana resident may donate). However, you will want to consider the best interests of the school when advising donors who are not interested in the tax credit.
- The law specifies that at least 90% of each donation must be used for a scholarship for an eligible student. Up to 10% may be used by the SGO for administrative expenses. The SEC program has been able to supplement our school accounts the past few years to bring our effective administrative fees well below the 10% mark.
- To be eligible to receive SGO scholarships, students must reside in Indiana, be between the ages of 5 and 22, be enrolled in an eligible school, and have a household income at or below 300% of the federal free/reduced lunch level (go to <https://www.scholarshipsforeducationchoice.com/forms/> for the most current charts).

*Why it matters...*

It is your school's responsibility to act according to the relevant law: Indiana Code 6-3.1-30.5; Indiana Code 20-51. It is Sagamore Institute's responsibility to act according to the law too, as your Scholarship Granting Organization.



### *Important...*

One CAUTION before we go any further: when discussing the tax credit with a potential donor, be careful not to dispense financial advice. Always communicate that donors should consult their tax professional. If you share examples of specific dollar amounts, also communicate that results may vary based on individual circumstances.

## **Your Partnership with SEC**

Your school's institutional relationship with SEC can be an incredible accelerator and resource for the establishment, management, and growth of the Indiana School Scholarship Tax Credit Program at your school.

- Do you need a third-party expert to explain the mechanics of the giving opportunity at a donor education event?
- Do you have a donor who had an issue claiming their tax credit?
- Do you have a never-before-heard “what if” question from a donor?
- Do you want to coordinate donor acknowledgment and stewardship activities from your school with SEC operations?

Sagamore Institute's SEC program works with a network of more than sixty schools in Indiana. SEC staff are committed to helping you implement the Tax Credit Scholarship Program at your school and are available to answer these and other questions.

### *Why it matters...*

You are not alone, and you do not have to do it alone. If you get stuck, do not stay stuck. Call or email SEC staff and let us help!

## **Getting your Board “On Board”**

Your school's Board of Trustees maintains the fiduciary responsibility: duty of care and duty of loyalty. This often translates to intentional decision-making and specific actions in: legal matters; financial prioritization; strategic planning; fund



development responsibilities; enrollment strategy perspective; providing insight to greater context (including political environment); mission spokesperson roles; accountability for the CEO; self-management, recruitment, training, evaluation; offering specific expertise; and overall leadership.

There are several key areas of overlap with the Board's fiduciary responsibility and your school's establishment, management, and growth of the Indiana School Scholarship Tax Credit Program. Examples include:

- contract negotiation with the scholarship granting organization
- fund development overall strategy (how this tool fits within the total toolkit of giving options)
- general messaging about the tax credit opportunity (how the school chooses to talk about the program)
- donor referrals for the tax credit opportunity (who the board members can recommend, refer, connect, and introduce)
- enrollment strategy perspective (particularly if the school is intentionally shifting the demographic makeup of the student body)
- how to discuss the mission of the school (particularly if enrollment strategy has shifted and student success stories have expanded)

#### *Why it matters...*

Not only do you need board "buy-in" for implementing such a critical program, you also need board time, talent, and treasure for successful implementation. Board members can donate in this way, refer other donors, share their giving story, craft the message, and focus the strategy.

School board members and key personnel should consider making a donation personally to the school's SGO account so that they can understand and explain the process to other prospective donors. Note: board members (or parents) who are in the financial industry (accountants, financial advisors) can be very helpful by using their expertise to explain the giving opportunity to others in your school community.



## Impact on Students, Families, Schools and Communities

SEC staff will support your fundraising efforts in a variety of ways (providing collateral materials, speaking to individual donors or interested groups, etc.) but the success of the Indiana School Scholarship Tax Credit Program at your school depends on you. This is true even for schools with limited staff.

All parties with a vested interest stand to gain when a school community successfully launches the program.

*For students:* No one can fully predict the critical role that one educational decision or one educational experience can have on the life of one student (and, then, the impact that this one student has in his/her sphere of influence throughout the course of life). And that is just one student!

*For families:* Parents and guardians now receive additional financial support that eases the financial burden of investing in the best school option for their children. Families are able to more freely choose schools.

*For schools:* Schools have an additional fundraising tool in their toolbox of giving options. A donor may give directly to the school or through the Indiana School Scholarship Tax Credit Program. This tool is powerful because it can be used to increase the donation amount. A donor can give a larger gift at the same financial cost because of the state tax credit. The 50% state tax credit multiplies the impact of the donors' decisions. As a result, constraints on the school budget are decreased.

*For communities:* Communities witness the limitless impact of school choice and the abundance of quality educational options for all members of their community. Communities experience a bridging of community members across class distinctions and socio-economic status.

*For donors:* The Indiana School Scholarship Tax Credit Program is also a win for donors. Donors are able to direct their dollars to what matters to them. Donors use the state tax credit to off-set or fully cover their state tax liability for their household or their business.



*Why it matters...*

The Indiana School Scholarship Tax Credit Program requires effort and time to implement successfully, but the benefits are win-win.



Stop and consider:

*What next steps are most important for my school?*

---

---

---

---

*Who is responsible for those next steps and what do they need to be successful?*

---

---

---

---

*What other remaining questions do I have?*

---

---

---

---

*How can I find this out?*

---

---

---



- 2. Preparing for Donors and Donations**
  - a. Donors and Data**
  - b. Capacity and Focus**
  - c. Making the Case, Branding and Messaging**
  - d. Sample Speaking Points**

## Donors and Data

Who do you know? And how are you tracking them?

Even if you do not have any donors (yet), it is important to get started tracking information on prospective donors now (donors who have not made a donation yet but are somewhere in process or may someday make a gift).

Your fundraising efforts, in the tax credit opportunity and other programs, are either limited or strengthened by your ability to effectively manage your donor relationships. You must prioritize donor data management.

Your donors are the lifeblood for successfully raising need-based scholarships for your students. And you need a way to gather their information and organize their information. The management of that information also becomes the primary resource for making decisions about general strategy and identifying next steps for individual donors.

A donor data management system may look like:

- A rolodex filled with business cards, index cards, and notes
- An email contact system used to keep track of who you know
- A spreadsheet that lists people and your “next step” with each
- A fundraising database (SalesForce, Bloomerang, Blackbaud)

Review your current donor data management and determine what gaps you need to address.

- Is all your donor information in one system?
- Are all components of donor information tracked in that one system?
- Are all donation-related behaviors tracked in that one system?



- Have you developed the best method for processing and tracking the nuances of the donations received through the tax credit program and through other programs?
- Do you have consistent practices for the above bullet points that are aligned with documented policies?

Your donor data management system should include at least these key pieces of information:

- First Name
- Last Name
- Organization Name
- Mailing Address
- Email Address
- Phone Number
- Connection to School
- Relationships
- Interests
- Other Notes
- Giving History
- Last Contact
- Next Step

#### *Why it matters...*

Your donor data management system can be your best friend or your worst enemy, especially with limited staff capacity. Invest the upfront time to use it effectively, and you will ultimately save hours of time and plenty of headaches by having a reliable system in place.

### **Capacity and Focus**

In preparing to raise funds through the Indiana School Scholarship Tax Credit Program, your ability to focus the efforts of your fund development staff is of primary importance.

For most schools, fund development staff (whether that be one person or several)



are often involved in a myriad of activities both directly and indirectly related to fund development and other school functions. It is often beneficial for fund-focused staff to provide their expertise and strategy recommendations for school functions. However, many of these tasks, meetings, and obligations can inhibit progress in meeting key fund development goals and successfully executing fund-focused functions.

If you can, you may wish to restructure the strategy, focus, and activities of your fund development staff (whether that be one person or several) to focus primarily on donors, donations, and mission.

If your school has no dedicated fund development staff, determine who will take the lead on promoting the tax credit scholarship opportunities at your school. It may be the principal, a board member, or perhaps a teacher or staff-member. The person leading this effort could begin each day or week with a clear intention to do at least:

- one thing in relationship with a donor (host a school tour)
- one thing in relationship with a donation (make a thank you call)
- one thing in relationship with the mission (organize an after-school conversation with faculty to discuss why scholarships matter)

You can also look to your current SGO donors to be part of your development team. One way to do that is by coaching current SGO donors to tell their own story to people in their circles. They likely have a powerful story about why they give to the school through the SGO. They will also likely be able to share how the tax credit has benefited them. Meet with your current SGO donors and help them refine their story. Be sure to equip them with some brochures. Check out SEC's [Small Donor Event Toolkit](#); perhaps one of your current donors would be willing to host a small event to help spread the word.

## **Making the Case, Branding and Messaging**

How are you speaking of your school, your students, and the state tax credit program? How do you effectively communicate what makes your school different from all the other schools? Why is your school worthy of someone's philanthropic investment?



For example: “XYZ Academy offers a unique educational setting for our students. Our class size is small and our teachers have the time to give individual attention to those who need a little more support. Our test scores demonstrate that our students are thriving in the classroom, and we are especially proud of the way they are learning to be good citizens through the community service hours that they all contribute. Can I tell you about a project that the fifth graders just completed at a nearby park?”

For example: “St. Philip’s is the only faith-based school option for students within 50 miles. We have families that are desperate to give their children a strong Christian influence - not just at home but at school too. And once those children attend, receive this quality education, and graduate...we can see that it is working. Our alumni are attending great schools; but more importantly, they are seeking God in all that they do. Is this something that you would be interested in financially supporting?”

How do you effectively communicate why your students are deserving of need-based scholarships and their successes because of that scholarship?

For example: “Half of our students are only able to attend XYZ School because of need-based scholarships. Their families are working hard - often two jobs - to cover their portion of tuition. But that need-based scholarship is critical to cover the tuition portion that they cannot afford. To these families, every scholarship dollar matters. That is why we ask people like you to donate. And that is why we are grateful for every scholarship dollar donated. Would you consider giving?”

How do you explain the tax credit opportunity in a way that is donor-centric, user-friendly, and action-oriented?

For example: “Do you pay State income taxes in Indiana? I know it sounds too good to be true, but there is a giving opportunity that provides a state tax credit valued at 50% of the initial donation. So a \$500 donation results in a \$250 state tax credit. That means it is a perfect opportunity for any household or business that has tax liability in Indiana. Is this something that I can share more about?”



### *Why it matters...*

Now is the time to get clear about the language you use to explain your school, your students, and the state tax credit program.

When you have limited staff, your focus needs to be on developing effective language and useful resources (print materials, for example) that are then shared with others (other staff, volunteers, board members) who use your language and your resources to share the message with others (current donors, former donors, prospective donors).

You cannot be the only one with the megaphone. Your job is to get lots of megaphones and pass them out to others who are willing and able to share your message.

### *For example...*

Practice talking about the Indiana School Scholarship Tax Credit Program. Then draft your talking points about your school, your students, and the state tax credit program.

At your school's next board meeting, invite board members to pair up and practice talking about the Indiana School Scholarship Tax Credit Program. Consider encouraging them to practice at least one time with the talking points and one time without the talking points. Now more people can spread the news about this giving opportunity.

## **Sample speaking points**

The opportunities to share about this giving opportunity are endless. Consider these sample possibilities and begin to incorporate these phrases into your regular conversations with others. Practice, get comfortable, gain confidence, then implement!

Invitation to discuss your school:

- Tell me how you first learned of us. (Works for older contacts too.)
- Tell me why you stay involved. (Or tell me why you would)



- Of all the schools or causes, why us?

Invitation to discuss the tax credit program:

- May I share with you about a giving opportunity that literally seems too good to be true? A \$10,000 donation may result in an 'out-of-pocket' expense of \$5000 or less (depending upon your tax situation).
- Do you know about the school state tax credit program?
- Have you ever given with a tax credit program?
- May I ask you a financial question? Do you have state tax liability? (Do you either have state taxes withheld from your check, make estimated payments to the state, or owe money to Indiana when you file your taxes?)

Invitation to discuss giving:

- What other causes are most important to you and your family?
- How did our school impact you? (Do not expect everyone to have a positive overall response or positive story to share.)
- What are you most passionate about?

*Why it matters...*

You do not have to know all the answers, but you do need to know how to ask questions! And, you do need to incorporate this message into regular conversation – becoming a part of how you relate to others about your school.



Stop and consider:

*What next steps are most important for my school?*

---

---

---

---

*Who is responsible for those next steps and what do they need to be successful?*

---

---

---

---

*What other remaining questions do I have?*

---

---

---

---

*How can I find this out?*

---

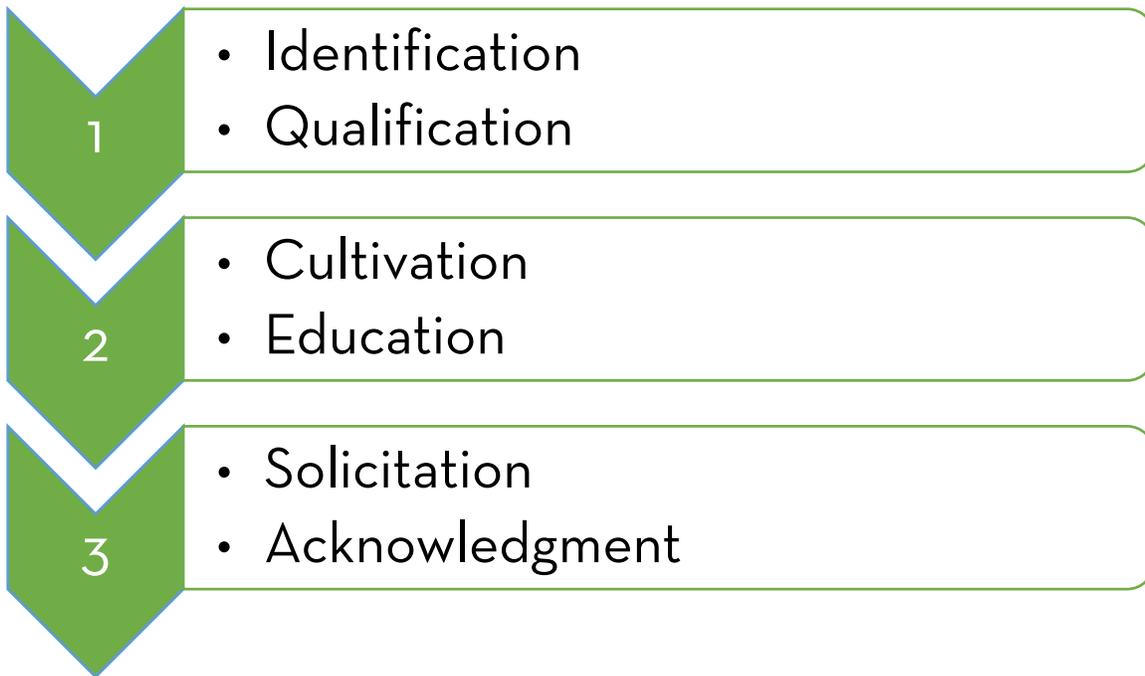
---

---



- 3. Developing Donors**
  - a. Identification and Qualification**
  - b. Cultivation and Education**
  - c. Solicitation and Acknowledgment**

This section focuses on the foundational process called the donor development cycle. Successful implementation of the Indiana School Scholarship Tax Credit Program requires thorough relationship building and is applicable to both individuals and businesses.



### **Identification and Qualification**

Identification and qualification of donors are the first steps in the donor development cycle.

Identification is naming those potential giving entities (both households and businesses). Brainstorm all possibilities, considering these categories:

- School board members (current and former)



- School leadership team (current and former)
- Donors (current, past, prospective)
- Staff and faculty
- Program partners (current and former)
- Students and immediate family members
- Students' extended families (especially grandparents)
- Volunteers (current and former)
- Vendors (current and former)
- Alumni and families
- Neighbors

Do not assume that someone cannot or will not give. Consistently, 83%-87% of U.S. households donate to charity each year. (They just may not be donating to your school, especially if you are counting them out!)

The list above is ordered by proximity or closeness to the school. That is one way to prioritize your relationship building work. You are also able to prioritize your relationship building work by qualifying the giving entities (both households and businesses.) Create a simple ranking system (1 to 5, for example) across three primary categories:

### **Linkage (L)**

What is the strength of the relational connection to your school?

- “5” may look like an aunt of a current student who volunteers weekly and consistently attends school concerts and events.
- “3” is a former neighbor of the school that never misses the Christmas program.

### **Ability (A)**

What is the depth of the financial capacity to support your school?

- “4” may look like a grandparent who pays the grandchild’s tuition, pays for family vacations, and actively manages an investment portfolio.
- “2” may look like a local vendor who offers an in-kind discount and is open to discussing a financial contribution.



## Interest (I)

What is the breadth of the passion for the mission of your school?

- “5” may look like the founding board chair who has convinced his or her own family, as well as personal sphere of influence to consider your school as a top choice for their children.
- “3” may look like an outspoken community member who believes that families should have different types of schools from which to choose.

Once you have ranked each giving entity by these key “LAI” criteria, you are able to prioritize how you invest your time and attention with each giving entity.

Best-practices would recommend that you store this “LAI” ranking with the donor information in your donor data system. Best-practices would also recommend that you continue to edit the ranking and shift your priorities as you learn new information about your giving entities. The ranking is a living, workable system for regular updates.

Shift your mindset from scarcity to abundance. Brainstorm all the people who are connected to your school. You will be amazed at how expansive your “universe” is. You are not alone, even if your staff is limited.

Is every person in your school community the right person to hear your message about giving through the Indiana School Scholarship Tax Credit Program? The answer is no, so you will need to strategically think through the people on the lists you have brainstormed.

Who are the best possible fits for the Indiana School Scholarship Tax Credit Program at your school?

- Your donors who have already given through the Indiana School Scholarship Tax Credit Program at your school. This may seem obvious but current donors are frequently ignored. Stop leaving money on the table and avoiding critical relationship building.
- Your donors who have given at a “major gift” level at your school (not necessarily through the Indiana School Scholarship Tax Credit Program). These donors have shown a propensity for thinking intentionally about their



philanthropic engagement. They may be primed to add another level of intentionality to their school giving.

- Your donors with significant state tax liability. Pull your list of businesses that have supported you (financially and in-kind). Review your list of individuals for small business owners and property owners. Both of these giving entities often have significant state tax liability.

### *Why it matters...*

This is a unique giving opportunity. Focus your message on giving entities that are more likely to “get” it.

### *Important to note...*

Be careful with how you purpose your time. Particularly if fundraising is only part of your job, be careful to invest your fund-development time in relationships that are likely to result in donations.

Many donors are very intentional about their philanthropic decision-making. Be sure that you identify any additional individuals who should be included in the process (for example, a financial advisor or philanthropic partner like a spouse, child, or trusted friend). Ask the donor and respect the donor’s preferences.

## **Cultivation and Education**

After identification and qualification of donors, cultivation and education are the subsequent steps in the donor development cycle.

Now that your donors are identified and qualified (and, thus, ranked in priority order), those donors become your relationship building ‘to-do’ list. Relationship building begins with cultivation: getting to know the donor and the donor getting to know you and your school. The goal is for both of you to individually and collectively determine if there is a good fit. (You are also working on building rapport and trust – in preparation for the next steps: solicitation and acknowledgment.)

The cultivation process brings greater clarification to the ranking in the



qualification step. You may find out (intentionally or unintentionally) personal information about the donor that clearly indicates financial capacity (i.e. “A” for ability):

- recent or upcoming travel plans (including frequency of trips)
- household residence (including vacation homes)
- professional industry (including future career aspirations)
- other significant financial decisions or situations (gifts to family, educational choices, business expansion/investment)

Additional information about “L” for linkage can also be helpful. Research indicates that the more “embedded” a giving entity is in relationship with multiple points of contact at a school, the more likely that the giving entity is retained as a donor in subsequent years.

Additional information about “I” for interest can also be helpful. If you know what components of the mission are of greatest interest to the giving entity, you are able to share stories most aligned with those components.

Donor education is a significant component in donor cultivation, especially for the Indiana School Scholarship Tax Credit Program. This is a different giving opportunity and many donors lack awareness. Donor education should feature opportunities for donor learning in: why to donate, how to donate, and what to expect when you donate.

Other possible areas of donor education (depending on what the donor needs, where the conversation goes, and what message you want to emphasize):

- the culture of poverty (for example: identifying barriers to student success, like the lack of convenient access to public transportation)
- the education choice movement (for example: explaining that there are people who believe that every family should have school options)
- the ‘voucher’ and other ways schools are funded (for example: acknowledging that public funding is available to private schools)
- the school’s mission in relationship to student body demographics (for example: expressing the school’s desire to have a diverse student



- population)
- how your school is funded (for example: offering a basic budget that identifies main funding sources)
- how your scholarships are funded and disbursed (for example: describing the application and financial aid process)

### *Why it matters...*

This is the real work in implementing the Indiana School Scholarship Tax Credit Program. If these types of donor interactions seem foreign to you, it is time to completely shift how you focus your limited fundraising time.

## **Solicitation and Acknowledgment**

After cultivation and education of donors, solicitation and acknowledgment are the subsequent steps in the donor development cycle.

Now that your donors are cultivated and educated (and, thus, familiar, comfortable, and confident in why to give, how to give, and what to expect when you give), those donors become your donation asking 'to-do' list.

The effectiveness of a solicitation depends on your method. The more personal, the greater likelihood of a "yes."

Here are the ranked options:

1. personal (face-to-face)
  - a. team of two
  - b. one person
2. personal letter (on personal stationery)
  - a. with telephone follow-up
  - b. without telephone follow-up
3. personal telephone
  - a. with letter follow-up
  - b. without letter follow-up
4. personalized letter



5. telephone solicitation
6. direct mail
7. special event
8. door-to-door

To be clear, a personal (face-to-face) solicitation is the most effective method for raising money for your school. The effectiveness is research-based, but it also makes sense based on personal experience. The more personal the experience, the harder it is to say no!

To be most successful in personal (face-to-face) solicitation, organize a team of two. Consider strategic pairings that increase the likelihood of a “yes.”

- One is a staff member and the other a board member
- One connects well with the wife and the other with the husband
- One can provide program details and the other expresses passion
- One has a long history with your school and the other is fairly new
- One can speak to the financial circumstances of students on scholarships and the other can speak to the donor about their financial decision-making process
- One offers a full picture of the school’s mission and the other explains the details of the giving opportunity

When you are preparing to ask a giving entity to donate, you must tell the giving entity that you are preparing to ask the giving entity to donate. You do not want to keep this as a secret or create inconsistent expectations on the purpose of the interaction.

For example: “I would like to schedule a meeting with you and your wife Betty. Board member David and I would like to discuss your financial support of our school: to thank you for prior donations, update you on the latest school news, and invite you to fund need-based scholarships through a special giving opportunity that offers a 50% state tax credit for you.”



To ask a giving entity to donate:

- Be clear about your invitation to join you in supporting your school at a specific amount.
- Then be quiet and wait.
- When the giving entity speaks, listen.
- Ask clarifying question and address any barriers identified.
- Request a financial commitment before the interaction concludes.
- Clearly confirm next steps.

For example: “David and I would like to invite you join us in donating to St. Philip’s. We are asking you to consider a donation of \$500 through the Indiana School Scholarship Tax Credit Program. As we discussed, that would mean that you would receive a \$250 state tax credit to offset any state tax liability, and you may see a federal tax benefit as well. Would you join us funding \$500 in need-based scholarships?”

Once a donor decides to give, it is your school’s responsibility to formally acknowledge the gift within 48 hours. Sagamore Institute serving as the fiscal agent does not complicate this donor-centered task. Simply coordinate your efforts with Sagamore and make a decision about what your school’s acknowledgment will look like for your donors.

- Do not include a tax receipt. The tax receipt comes from Sagamore Institute.
- Include a simple acknowledgment that the donation has been received, is being processed, and to expect the Sagamore letter.
- Thank the donor for their generous decision and express the positive impact that the donation is having on the students.
- Be aware that your donor may give directly to your school’s designated account at Sagamore without letting you know the gift was coming. Carefully check your weekly reports from Sagamore to make sure you don’t miss an opportunity to thank your donor directly!

*Why it matters...*

The number one reason why a donor gives is because the donor was asked to give. It is your responsibility to ask and to empower others (other staff, volunteers,



board members - all with their megaphones and your messaging) to ask.

*Important to note...*

How do you know if you are asking enough? You are bringing back donations AND you are bringing back “no” responses. “No” responses do not necessarily feel great, but they are a clear indication of healthy functioning fund development staff that is out and about - doing the hard, necessary work to successfully raise need-based scholarship support for your students.



Stop and Consider

*What next steps are most important for my school?*

---

---

---

---

*Who is responsible for those next steps and what do they need to be successful?*

---

---

---

---

*What other remaining questions do I have?*

---

---

---

---

*How can I find this out?*

---

---

---



- 4. **Post-Donation...Now what?**
  - a. **Three Meaningful Thank You Messages**
  - b. **Demonstrating Impact**
  - c. **Further Engagement**

This section focuses on how you interact with a donor after a donation has been made. Focused effort will set you up for success in retaining and upgrading donors in future years for the Indiana School Scholarship Tax Credit Program.



### **Three Meaningful Thank You Messages**

After solicitation and acknowledgment of donors, three meaningful thank you messages is the subsequent step in the donor development cycle. Now that your donors have been solicited and acknowledged (and, thus, gave a donation and know that you have received the donation), those donors become your thank you 'to-do' list.

Before you even consider asking that donor for an additional donation, you must provide three meaningful thank you messages. Ideas include:



- personal communication (handwritten note or personal call)
- special gift related to your mission (student art, for example)
- special experience with your mission (field trip, for example)
- picture, visual, report of donation impact

These three meaningful thank you messages can come from various people:

- board members
- CEO/principal
- fund development staff
- other faculty and staff
- students or parents
- other donors or volunteers

*Why it matters...*

Do not allow your fund development efforts to focus solely on asking. Your asking is only as successful as your expressions of gratitude.

*For example...*

Your fund development staff can bring thank you cards to the next faculty meeting and pass the cards around for everyone to sign.

## **Demonstrating impact**

After three meaningful thank you messages, demonstrating impact is the subsequent step in the donor development cycle. Now that your donors have been thanked (and, thus, know that you are grateful), those donors become your demonstrating impact 'to-do' list.

Before you even consider asking that donor for an additional donation, you must provide a demonstration of the impact. Ideas include:

- Stewardship report on the use of funds
- Student success stories, depicted in videos or handwritten letters
- Visual explanations of what would happen if the donation didn't happen (for example: creating a school calendar when the "lights go out" 2/3 of the way



through the year because tuition and vouchers only cover 2/3 of the budget and donations fund the remaining need)

- School tours to experience for themselves the significant impact

### *Ideas to consider...*

Leverage other staff members to involve donors in the life of the school and to create impact-proving content that you can easily share with donors.

- For example, consider training staff ambassadors who are prepared to host external guests with little to no notice.
- Consider organizing staff storytellers who regularly document (in writing, in photography, in videography, and in other media) the stories that are shared in community (by employees, board members, students, etc.)

### *Important to note...*

Donors are not an unknown “they.” Donors are real people who often enjoy experiencing the impact of their gift firsthand by getting more and more involved in the real life of the school community. If you treat donors like a real part of your school family, it will all become really easy for you.

## **Further Engagement**

After demonstrating impact, further engagement is the subsequent step in the donor development cycle. Now that your donors have seen the impact (and, thus, know that their gift made a real difference), those donors become your further engagement ‘to-do’ list.

Ideas for further engagement include:

- Informal sounding board for CEO/principal
- Informal sounding board for fund development staff
- Participation on committee or task force
- Board membership
- Invitation to refer friends to be a part
- Special projects

As you are getting to know your donors better, consider asking them to help you understand why they give and what triggers the giving decision. Why do they



choose to give again (or not)? Why would they choose to refer a friend as a prospective donor (or not)? Your donors are your best asset when it comes to understanding their needs and motivations, and aligning your language and processes to meet those needs.

*Why it matters...*

Again, shift your mindset from scarcity to abundance. Your donors are incredible people who want to see your school thrive. Challenge yourself to see the bigger picture; include and connect people as appropriate.

*Also important to note...*

Only invite further engagement if it makes sense for your overall fund development strategy, your school needs, and the specific donor strategy. Further engagement is not for all donors, but it may be for more donors than you think!



Stop and Consider

*What next steps are most important for my school?*

---

---

---

---

*Who is responsible for those next steps and what do they need to be successful?*

---

---

---

---

*What other remaining questions do I have?*

---

---

---

---

*How can I find this out?*

---

---

---



## 5. Other Helpful Information

- a. **Basic Tax Terms**
- b. **Business Donations**
- c. **Donation of Non-Cash Assets**
- d. **Working with Financial Advisors**
- e. **Learn More about Nonprofit Fundraising**

### Basic Tax Terms

If you personally are not tax literate, explore the following questions to inform yourself. Basic tax background is helpful knowledge for facilitating conversations with current, former, and prospective donors about the Indiana School Scholarship Tax Credit Program.

- Can SGO donations be deductible on Federal taxes?
  - Yes! If the donor itemizes. For more information check out: <https://www.scholarshipsforeducationchoice.com/donors/tax-benefits/>
- What is my Indiana income tax liability?
  - Line 8 of your Indiana tax return will show you how much state AGI tax liability you have. This is the amount that can be offset with the state tax credit.
- What tax credits are currently available in Indiana?
  - Check out the other tax credits that are available here: <https://www.in.gov/dor/4745.htm>
  - None of the other options are as beneficial as the SGO credit. Some donors have asked about NAP credits. Those are listed at the above website as Neighborhood Assistance Credits.
- Why would a donor be interested in tax credits?
  - Tax credits reduce the amount of income tax you pay. Check out this article for more information: <https://turbotax.intuit.com/tax-tips/tax-deductions-and-credits/what-are-tax-credits/L1C2lkvRt>
- How does unused state tax credit “roll forward”? And why might this matter to a donor?



- o If the gift a donor makes to the SGO is larger than their income tax liability in the year that the gift was made, then the donor may have unused state tax credit. They can continue to claim any unused credits for 9 subsequent years until they are used up. Indiana Code 6-3.1-1-2 provides the specific order that tax credits are applied against tax liabilities.

### *Why it matters...*

Being confident in discussing finances and taxes generally with donors is critical, and you are the one most likely to be engaged in these conversations (especially schools with limited staff).

## **Business Donations**

The fundraising strategy described in this guidebook is relevant to both households and businesses. However, sometimes additional effort is needed to find the best point of contact at a business.

Many businesses (small and large) give to nonprofits. Some may even have separate departments that deal with philanthropy. However, the tax credit makes this giving opportunity different than most. Be sure that the business understands that their gift can benefit from the 50% tax credit. This may mean that their chief financial officer (or tax department) needs to hear about this opportunity.

In fact, if the business is a financial institution or an insurance company, they should know that the tax credit may also apply to state taxes that are paid by those types of companies (the financial institutions tax and the insurance premiums tax).

The best place to start with any business is with someone you know. Review the company directory to identify who at the business knows someone at your school. The relationship, introduction, and referral are influential in this process.

Next, ask your school's personal contact at the business with whom it is best to work: a representative in human resources, a head of the foundation, the CEO, the financial leader, or a particular committee chair.



Follow-up with that contact to determine if the Indiana School Scholarship Tax Credit Program may be a good fit. Whether this giving option is a good fit may depend on how the business organizes its philanthropy (in-kind versus cash; foundation versus marketing budget; specific line item versus profit dependent).

*Why it matters...*

Businesses often have significant tax liability, corporate reasons to get involved in their local community, and financial expertise that guides giving decisions. Businesses are viable prospective donors for your school.

*Important to note...*

Matching gifts may also be available. Ask your individual donors if their employers offer matching gifts. SEC staff is happy to coordinate the completion of matching gift paperwork with your donors and their respective employers' human resource department (or the matching gift program manager).

## **Donations of Non-Cash Assets**

The Indiana School Scholarship Tax Credit Program is particularly powerful for non-cash assets, like donating appreciated stock (and, thus, avoiding capital gains tax - in addition to the federal deduction and the state tax credit). Sagamore Institute's strategic partnership with The National Christian Foundation of Indiana (NCF-IN) makes the process of donating stock gifts as simple as possible. The first resource is the form on the SEC website that may be completed by the donor. Find the form at:

<http://www.scholarshipsforeducationchoice.com/donors/donate-non-cash-assets/>

After completing the form, donors will be able to access the documents that need to be submitted so that the gift can be correctly deposited. The transfer itself must be initiated by the donor's broker. All forms are faxed to:

1-888-566-5850 (secure fax line)

Giving Fund Name: SGO at Sagamore Single Charity Fund Giving Fund

Number: 941785



## Working with Financial Advisors

You may find it fruitful to intentionally build relationships with financial advisors.

First, reach out to financial advisors that you know. You may have many financial advisors within your school community: a family member of a student or alumni, a vendor or a neighbor, or a donor's trusted financial advisor.

Second, share information. Financial advisors are often quick to understand the significant value of the tax credit for the donor. Offer an explanation of the state tax credit program. Direct the financial advisor to the legislation, to Sagamore Institute's website, and government websites (like the Department of Education and the Indiana Department of Revenue).

Finally, brainstorm partnership opportunities. Is the financial advisor able to keep information on-hand in case a client has state tax liability and may be interested in financially supporting private education? Is the financial advisor open to potentially co-hosting or co-presenting an informational session to which you invite prospective donors?

### *Why it matters...*

This is an opportunity to expand your sphere of influence by increasing the number of people who can confidently explain the Indiana School Scholarship Tax Credit Program. As your sphere of influence grows, so does your pool of prospective donors - resulting in an increased likelihood of donations.

## Learning More about Nonprofit Fundraising

This guidebook is informed by the author's education and experience. If you want to learn more about generating revenue for nonprofits, these learning opportunities are also available to you:

- Volunteer on a fundraising committee for a local nonprofit



- Discuss trends with nonprofit consultants, like Achieve Guidance
- Follow nonprofits on social media, like Salvation Army
- Learn statistics from research, like the Giving USA annual publications
- Access the free resources available online, like those offered at the Foundation Center
- Read a book about fundraising, like Hank Rosso's *Achieving Excellence in Fundraising*
- Attend a fundraising event for a local nonprofit
- Review a nonprofit's finances, by accessing 990's at [guidestar.org](http://guidestar.org)
- Ask a friend what causes they support and why
- Participate in professional development offered by the Association of Fundraising Professionals
- Dive into a specific topic, like faith-based fundraising with Henri Nouwen's *A Spirituality of Fundraising*
- Take courses, like those offered by The Fund Raising School at the Lilly Family School of Philanthropy or the School of Public and Environmental Affairs
- Read a blog about fundraising, like [futurefundraisingnow.com](http://futurefundraisingnow.com)

### *Why it matters...*

Learn by doing, by experiencing, by living. Consider opportunities that are easily accessible to continue learning about nonprofit revenue generation. Apply that learning to your school and reap the benefits as you implement the Indiana School Scholarship Tax Credit Program.

Your Next Step, Reader:

The true worth of this guidebook is up to you. The value is dependent on your choice to implement what you've learned and your next steps for successfully implementing the best program possible for your school.



Stop and Consider

*What next steps are most important for my school?*

---

---

---

---

*Who is responsible for those next steps and what do they need to be successful?*

---

---

---

---

*What other remaining questions do I have?*

---

---

---

---

*How can I find this out?*

---

---

---

