

## Don't Overlook Short-term Alumni as Major Gift Prospects

Cyrus Nathan, son of a globe-trotting U.S. consul, spent just two years at Chestnut Hill Academy (Philadelphia, PA). But he never forgot the experience, and 80 years after his 1930 graduation, he left the school a bequest of \$2.2 million.

While major donors are often four-year or K-12 alumni, development officials would be wise to not ignore persons who attend only a year or two, says Betsy Longstreth, director of institutional advancement. "They donate significant amounts more often than you might imagine," says Longstreth, noting that a recent gift of \$700,000 came from an individual who spent only one year at Chestnut Hill.

"The most important thing is maintaining personal contact with your donors and being alert for signs of real connection to the school," she says. "Both of these donors provided years of steady support at a lower level, showing a sincere commitment over a lifetime. Those are the kinds of people you want to focus on, even if the gifts are not yet large."

Longstreth says advancement officials had no knowledge of Nathan's bequest until notified by his family. The gift endowed six faculty chairs while providing an important catalyst for a major fundraising campaign marking the school's 150th anniversary.

*Source: Betsy Longstreth, Director of Institutional Advancement, Chestnut Hill Academy, Philadelphia, PA. Phone: (215) 247-4700. E-mail: Blongstreth@chestnuthillacademy.org*

## ACCOUNTABILITY ISSUES

## Focused Contact Reports Maximize Prospect Management

Contact reports are the heart and soul of prospect management. Without accurate, reliable and quantifiable reports, an organization's management systems — no matter how sophisticated or comprehensive — will be haphazard and limited.

The following policies, developed by officials at Georgia State University (Atlanta, GA) and codified in the Georgia State University Prospect Management Procedure, give one example of how to achieve a uniform standard of reporting:

### Contacts and contact reports:

- Substantive contact. This is an intentional and meaningful interaction with a prospect that is significant in advancing the prospect in the prospect management cycle.

### Examples of substantive contacts:

- Personal visits in which discussion of the prospect's affinity to the university, desire to make a gift or other pertinent information is shared
- Significant telephone conversations in which the status of a prospect's affinity or gift is discussed or clarified
- Significant e-mail contact that moves prospect closer to making a gift to the university

### Examples of non-substantive contacts:

- Routine correspondence such as thank-you notes, greeting cards, etc.
- Chance meetings at place of worship, the mall, the supermarket, parties, etc.
- Casual conversation at an event or board meeting

**Contact report content.** A contact report must be entered whenever a development staff member has a substantive contact with a prospect that moves him or her closer to a gift.

Contact reports should:

- be written in the third person
- take care in reporting sensitive and confidential information which may become public through media and legal inquiries
- include participants, purpose, results, and follow-up
- employ an inverted pyramid style which places significant information in the first or second sentence and arranges other details in order of decreasing importance
- record next actions, dates and assignees at the time the contact report is entered
- report objects of affinity (philanthropic interests and will\_not\_give\_to), degree of affinity ... and inclination

*Source: Georgia State University Foundation, Atlanta, GA. Phone (404) 413-3402. E-mail: foundation@gsu.edu. Website: <http://netcommunity.gsu.edu/NetCommunity/Document.Doc?id=166>*

## Steps for Accepting Gifts of Property With a Mortgage

If your nonprofit receives a bequest that includes a house with a mortgage, your first step is to retain the services of an attorney, appraiser and real estate broker, says Elizabeth E. Solender, president of Solender/Hall, Inc. (Dallas, TX), which provides commercial real estate services.

"There is a lot to consider before accepting this type of gift, including whether you want to own the property or sell it," Solender says. "If the property fits a need and the debt is low, it could be an opportunity. If you want to sell the property, then you must carefully evaluate the time needed to sell, the cost to hold and any worst-case scenarios."

If you decide to own the property, the loan should be no more than 70 to 75 percent of the property's value, says Solender. If you decide to sell the property, she says, the loan should not be more than 50 percent of the property's value.

"You will need to decide whether you can you afford to make the mortgage payments as well as any other carrying costs," she says. "This is a complicated process and involves a lot of legal questions."

If you decide you don't want the gift, you can turn it down, says Solender. But if you decide to turn it down after the appraisal, do so with an attorney's assistance.

"If you decide to take the gift, you can afford the loan payments and you plan to hold the property until you can sell it, you will need to determine how you will deal with the note (or mortgage)," says Solender. "Your organization is liable if it assumes the note. But if you take the property 'subject to the note,' you pay the loan but the original borrower or their estate is liable for the loan. The lender cannot sue you for deficiencies."

If you decide to assume the note, she says, have an attorney explain the risks involved in your choice; the appraiser will tell you the value, and the real estate broker will tell you how long it will take to sell it or the future value of the property, she says. "When you take a property on, there is always the possibility you might sell it some day. You will want the property to be located within your community so you can better manage it or sell it."

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