

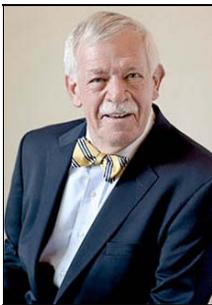


First Things First



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from the coastal-desk of
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Fake News on Endowments

O.K., so it's not really fake news. But most folks keeping up on current events over the last year would think colleges are hoarding millions and even billions of dollars that could be used to help students and their families offset the increasing cost to attend.

Although that is not the case, Congress put a tax on about 30 of the largest private college endowments as part of its tax reform legislation.

So, you better have the financial literacy to explain the situation to donors concerned about the issue and possibly reluctant to make gifts to endowment. Here are some of the facts you will need to do so:

- An endowment is not just a pot of money set aside for use however an institution chooses. That total endowment number typically is made up of hundreds to thousands of individual funds established by donors who, in most cases, restricted the use of the income for specific purposes. While those restrictions include scholarships, they also include support for faculty positions and specific programs. Thus, the institution is not free to spend from those non-scholarship funds for student financial aid.
- Endowment funds come in different flavors. There are:
 1. True endowments where a donor specified that the gift be held in perpetuity and invested with only a portion of the income available for expenditure.
 2. Term endowments are just like true endowments except the donor establishes them for a term of years after which the fund is no longer endowed.
 3. Quasi-endowments where the Board has decided that unrestricted gifts or miscellaneous revenue be treated as endowments but has reserved the right to change that restriction. These are often funds from estate gifts.

All three flavors can be unrestricted or restricted, and most are the latter.

[But remember...there's more...](#)

Best of the Web: *Industry Trends*

One of the challenges facing development leadership today is the retention of key staff members. Turnover in development is high. In fact, some would argue it is an unprecedented high. A culture of numbers - dollars, donors, visits, solicitations, etc. - has become the norm and now seems to dominate many of the manager/staff interactions.

Technology has fostered and facilitated this philosophy, which tracks every possible activity value. In many ways, this has made our industry more disciplined - something that can be viewed as being positive. But there's a backlash brewing.

We frequently hear from high performing staff members saying their managers do not care to hear anything but statistics. These individuals, who were originally hired for their ability to close gifts and form strong and lasting relationships in addition to raising funds for the organization, are left wondering if their abilities really matter.



[Here's timely *insight* for leading a team...](#)

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Alexander Haas
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Accountability and Culture Building

Whether you're a hospital or art museum, food bank or university, ballet or church, the speed at which things change in this super-charged age, means that organizations have to continually work to keep up. Keeping up, and keeping donors up, is as important as reaching fundraising goals.

On this episode of **Futures in Fundraising**, **Daniel Bozard**, Louisiana State University Foundation Vice President of Development joins Alexander Haas President and CEO, **David King** to talk metrics, accountability and culture building. How can institutions track success? How have recent tax changes impacted giving? Listen in for helpful insights!



Catch a new episode of Futures in Fundraising each month on Tuesdays at 10:00 am (EST) on Facebook Live.

To download this show and catch up on others, find us on iTunes.

[Listen up this is good stuff...](#)

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Our Transformational Services

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