Best Practices: Gift Acknowledgement

<u>Acknowledging donors</u>
Designing and implementing a system to provide donors with timely and meaningful "thank yous," or acknowledgments.

ADRP Recommendations (considerations and pitfalls): Timely and meaningful acknowledgments are essential to donor satisfaction and retention. They demonstrate that a donor's generosity is appreciated and that his or her gift will advance the mission of your organization. Good acknowledgments affirm to the donor that s/he has made a worthwhile investment. They set the stage for ongoing strategic communication about a donor's gift that will deepen his/her connection with your organization.

Following is a summary of best practices, recommendations and considerations to inform the creation of an acknowledgment program:

Issue Addressed:

1. Tax Receipts vs. Acknowledgments
2. Acknowledgment Policies
3. Acknowledgment Processes
4. Acknowledgment Timing
5. Acknowledgment Signatories
6. Acknowledgment Salutations
7. Tailoring Acknowledgments
8. "The Zen of Acknowledgments" or Highly Personalized Acknowledgments
9. Memorial and Honorific Gifts
10. "Beyond the Page" or Supplementing "Thank You" Letters

<u>Issue One: Tax Receipts vs. Acknowledgments</u>
Issue Addressed: Understanding the difference between a tax receipt and an acknowledgment and the role of each of these pieces of correspondence.
ADRP Recommendations (considerations and pitfalls):
Organizations must comply with IRS regulations for providing donors with documentation of receipt of their charitable donations (tax receipts). This compliance is just a baseline. Acknowledgments present an opportunity to thank donors in a meaningful way in order to engage them further in your organization's mission. Recommendation details:

1. Consult IRS publication 1771, Charitable Contributions and Disclosure Requirements, (http://www.irs.gov/pub/irs-pdf/p1771.pdf), for details on current legal requirements that your organization must fulfill in providing donation receipts.
2. Due to the importance of IRS requirements both for the donor and for the nonprofit organization, all gifts should be forwarded to a central office or team for processing and issuance of a gift receipt.
3. Centralized production will ensure standardized receipts that comply with legal requirements, and that there is accountability for providing them.
4. Donor relations/stewardship professionals should request to have input into the language used on gift receipts.
5. Use gift receipts as an opportunity to reinforce your organization's gratitude and its mission statement.
6. Acknowledgments (separate from receipts) can either be sent from a central office or from departments or programs.
7. Acknowledgments (separate from receipts) are a special type of correspondence to donors, and not tax documents. They should not contain IRS compliance-related language—such as, confirming that no goods or services were received in return for a donation.
8. If your organization has one team or person handling both receipts and acknowledgments, and you use one mailing for both functions, consider putting receipt tax language in a footer or on a separate page so as to prevent it from distracting from the message of the acknowledgment.
9. Exceed legal requirements by sending gift receipts and acknowledgments for gifts of any amount:
   a) Even if issuing a receipt is not legally required due to the amount of the gift, many donors believe that it is.
   b) The Donor Bill of Rights identifies appropriate acknowledgment as among a donor's rights.

The remainder of these Best Practices address acknowledgments as opposed to gift receipts.

Issue Two: Acknowledgment Policies
Issue Addressed: General definition and role of an acknowledgment policy.
ADRP Recommendations (considerations and pitfalls): An acknowledgment policy establishes an organization's general standards for acknowledging contributions. It provides a framework and philosophical grounding for an acknowledgment program. Recommendation details:

1. Donor relations/stewardship professionals should initiate creating or updating an acknowledgment policy.
2. This policy will affirm your organization's commitment to thanking donors.
3. Partners in creating this policy include operations or Advancement Services leaders, and other leaders and volunteers whose buy-in is important to the visibility and success of the acknowledgment program.
4. The policy should be strong enough to represent:
   a. an organizational endorsement of a high standard of acknowledgment, and
   b. elevation of acknowledgment as an institutional priority.
5. The policy should be general enough to allow for flexibility. For example, stating that all donors of a certain level should receive a certain type of acknowledgment can prevent an organization from adapting to different circumstances.

6. Specific practices at a given time, acknowledgment charts, etc. can be added as attachments to a policy.
7. Depending on its general practices related to policies, an organization may:
    a. make its policy publicly available to demonstrate that acknowledgments are a priority, or
    b. selectively share its policy with donors for their input.
8. Regardless, the donor relations/stewardship team should take the lead in disseminating the policy to internal stakeholders.
9. Board endorsement of an acknowledgment policy can help:
    a. to ensure that board members are familiar with acknowledgment standards, and
    b. to lay the groundwork for their engagement as signatories or in other aspects of an acknowledgment program.

<u>Issue Three: Acknowledgment Processes</u>
Issue Addressed: Rationale for designing an appropriate and well functioning process to produce acknowledgments.
ADRP Recommendations (considerations and pitfalls):
It is important to formalize a process to ensure the timely delivery of acknowledgments. This process will vary based on the size and structure of an organization, the volume of gifts received, and staff resources. Recommendation details:

10. Processes are a blueprint for the acknowledgments the organization will provide to donors who contribute different amounts for different purposes.
11. The ability to implement a process depends upon reliable information about the receipt of gifts, including date of gift, date or processing, amount, allocation, and copies of documentation accompanying gift.
12. Acknowledgment processes should include provisions for acknowledgment timing, signatories, customization, and standards for acknowledging honorific and memorial gifts (covered in Issues 4, 5, 7, and 9 of Best Practices); they should also encompass acknowledgment calls for gifts of certain levels (as low a threshold as an organization can accommodate).
13. For larger organizations, the responsibility to deliver acknowledgments (and attending processes) may be centralized or organized by unit or division.
14. There may be multiple processes, with donors receiving acknowledgments from both the central office and units.
15. The donor relations/stewardship professional or department should be aware of all acknowledgment processes.
16. With awareness of processes, the donor relations/stewardship division can provide best practices, encourage resource sharing, identify gaps, and step in as needed to ensure that all gifts are being acknowledged.
17. The donor relations/stewardship division or professional should help ensure that all recordkeeping and development staff, program or unit leaders, and organizational executives are aware of the role they are asked to play in acknowledgment processes.

<u>Issue Four – Acknowledgment Timing</u>
Issue Addressed: The importance of turnaround time in sending acknowledgments, and the appropriate duration of time between when a gift is received and acknowledged.
ADRP Recommendations (considerations and pitfalls):

A prompt acknowledgment reflects well on an organization's business practices and appreciation of a gift. Prompt acknowledgments also contribute to donors' satisfaction by providing them with positive feedback while the emotion of making a gift is fresh. Recommendation details:

1. A preferred timeline should be established as part of an acknowledgment process.
2. Most experts will agree that the letter of acknowledgement or thanks should be ready for mailing out to the donor within 72 hours of receiving the gift. Some even say within 48 hours.
3. There are times when it is not possible to keep within the guidelines set, such as when more information or follow-up with the donor is required to confirm the correct allocation of the gift or when the person who is to sign the letter is out of the office for a length of time.
4. In these and other circumstances, take steps to overcome the delay in the donor being notified of the receipt of their gift:

a) When following up with the donor for more information to allow you to allocate the funds as the donor wishes, be sure to thank the donor. If appropriate, send an e-mail thanks as well.
b) When the person required to sign the letter of thanks/acknowledgement is out of the office for some time, you can mail/FedEx letters to and from them to reduce the delay in getting letters to donors.

5. Consider incorporating e-mail acknowledgments into your program as a supplement to letters. If you can automate these, they are an excellent way to provide timely acknowledgment.
6. At a smaller organization, if the signatory of a letter of the letter is the CEO and that person is going to be inaccessible for a prolonged period (such as a week or longer), there should be a plan in place for acknowledging gifts during that period.
7. This contingency plan could include using FedEx to send letters for signature, a high quality electronic signature, or a brief statement by the donor relations/stewardship manager at the start of a letter stating that they are thanking the donor on the organization's behalf while the President/Executive is away.
8. At large institutions, when a President or other CEO is signing letters, if sending out timely acknowledgments is impossible, ensure there is a timely letter that is sent in the interim (from the unit or stewardship office). An autopen machine may be used for the chief executive's letters.

Issue Five: Acknowledgment Signatories
Issue Addressed: Determining the appropriate signatory for acknowledgments.
ADRP Recommendations (Considerations and Pitfalls):
Ideally, the individual signing an acknowledgment letter will have a personal relationship with the donor. However, this is not always practical or possible. The below recommendations offer suggestions of signatories. Acknowledgment processes should identify who the signatory for letters will be, for gifts of various levels. Recommendation details:

1. Appropriate signatories of acknowledgments include:
2. development or program officer who was involved in working with the donor to secure the gift and can convey genuine thanks.
3. if the gift is made in response to an e-mail, letter, and/or volunteer solicitation, the individual who made the request.

4. an organizational staff leader or board member who speaks with authority about the importance of the donor's investments to the organization's mission.
5. an individual who will benefit from the gift. This can be the most powerful signatory, though such a letter is often complemented by another acknowledgment letter from an institutional leader.
6. if need be, a donor relations/stewardship manager can sign letters, representing the organization's stewardship function.
   a. The importance of "major" gifts for an organization – which vary in amount based on the organization – merit acknowledgment by the organization's top executive in addition to any other signatory.
   b. As noted above, hearing directly from an individual who will benefit from the gift is also very meaningful, and even when they are not the signatories, their voices should be incorporated into materials whenever possible.
   c. At smaller organizations, the CEO may sign acknowledgments of gifts at all levels, but consider having board members or key volunteers sign letters for a second gift, so that the donor can hear from a range of voices at the organization.
   d. Larger organizations often use gift size as a guideline for who will be the signatory. Often, the larger the gift, the more acknowledgments (and signatories) are involved. (Sample charts to be attached).
   e. Please see the Issue 6 for further information on working with a signatory to capture appropriate salutations that he/she would use.
   f. Acknowledgments should include a contact person that a donor can contact should they have any questions about their gift, or in moving forward. This does not have to be the signatory.

<u>Issue Six: Acknowledgment Salutations</u>
Issue Addressed: Systematizing use of salutations that are appropriate to a letters' signatory.
ADRP Recommendations (Considerations and Pitfalls): It is important to use a salutation that is appropriate for the signatory. A plan to streamline salutation gathering can prevent having to re-do letters, which can have a negative effect on turnaround time for acknowledgments.
Recommendation details:

1. Work out an arrangement with the signatory. First name salutations can be used for entire categories of constituents, if that is what the signatory is comfortable with.
2. The signatory can also review a list of potential first-name signatories line by line and circle their choice – formal or first name, and, if first-name, allowing any corrections to first names to be written in (this helps to tackle the pesky problem of nicknames). Some signatories are comfortable mailing letters with formal names stuck out and first names penned in. Find out if this is the case.
3. Establish a uniform formal style for non-first name salutations. Have a protocol book handy for ambassadors and other dignitaries.
4. Ensure that your data is being pulled so that the principal's first-name salutations take precedence over formal names.
5. Once a solid body of salutations is built up, establishing ways so that salutations continue to be added. Code in any first names that you get back from the signatory right away.
6. Periodically conduct a name review with the fundraisers. Direct their attention to a spreadsheet where they can update names based on whether the signatory has met their prospects. Correct any errors immediately.

<u>Issue Seven: Tailoring Acknowledgements</u>

Issue addressed: Creating meaningful acknowledgments by tailoring them to suit the recipient, based on gift size, timing, type and/or a donor's relationship with the organization. Plus, general tips for tailoring acknowledgments.

ADRP Recommendations (Considerations and Pitfalls):

Tailoring letters is an important way to illustrate to donors that they and their gift matter to an organization. Letters can (1) follow a templated format that is modestly or significantly modified for each donor, or (2) be drafted on an ad hoc basis (Covered in Issue Eight). Recommendation details:

1. The ability to tailor acknowledgments by donor or by segment (giving area or type) relies on the accessibility of background information about donors and their gifts. This information should be stored for review and/or report extraction in a donor database.
2. Proper spelling of names and appropriate salutations are a baseline, yet very important, aspect of tailoring acknowledgments. Any time a donor or signatory voices preferences for how names should appear, capture this in your system. Make quick updates in the case of death or divorce.
3. Always log and follow a donor's specific instructions about recognizing a gift. Sometimes, for example, a letter accompanying a check from a donor's advised fund will include specific instructions that the donor would not like to be acknowledged at his or her personal address

Three ways to tailor letters include:

1. Tailoring letters by gift size – creating a direct link between size of gift and level of signatory is a common practice. A letter from the organization's top leader to its most generous donors should always be highly personalized.
2. Another way to tailor acknowledgments is by gift timing or habit: to explicitly thank a donor for being a first time or loyal contributor, or to celebrate the completion of a pledge. Doing is an effective way to use gift data to signal to donors that you know about (and appreciate) their giving habits. Often, Annual Fund staff members or others acknowledging gifts in response to solicitations will employ this tactic. For first time donors, welcome packets provide an opportunity to acquaint donors with an organization's programs and begin to foster a lasting connection with the organization.
3. If the gift is given for a particular purpose, providing information about the donors' interest and explaining the impact of philanthropy is advisable.

Recommendations for designing an acknowledgment letter process that relies on tailoring templates:

1. Refresh templates systematically so they reflect the signatory's voice and what is current.
2. Templates may be general, reflecting an institution-wide message, or there may be resources for the production of templates by area of gift. Regardless, templates should mention the designation of the gift to provide assurance to the donor that their gift is being directed as they intend.
3. Ensure that data on gifts received is delivered fresh daily, in a tailored format that plugs right into the template. *Include fields that are not going to appear in the letter, but are nonetheless essential to knowing whether special touches are required (such as whether the donor is a faculty member).*
4. Raise an antenna for VIPs and special cases to determine if any letters should be upgraded, altered substantially, or omitted.

5. When a live signature is being used, where possible, offer the signatory an opportunity to provide any customizations to the letters before they are presented to her/him. *This can be done by sending a weekly, bi-weekly, or even daily list of gifts and asking for any customization required.*
6. Correct all wrong data at the source. *Have at least one second pair of eyes look over the letters.*
7. Establish a regimented and failsafe method for submitting the letters or for generating automatically signed letters. If letters go through revisions, keep a tracking document with the letters that indicates draft number.
8. Before mailing a letter, make copies for both digital and paper-based records. File the letter before mailing. This provides a crucial double-check that the same letter has not already been sent.
9. Keep scrupulous records of what has been sent, when. Code this information so it is visible to all fundraisers. Code any changes such as first name salutations.
10. Fine tune over time. Introduce templates with placeholders for gift-relevant paragraphs that further customize the letters. Innovate.
    a. Though often the more personalized a letter is, the more meaningful it will be, centering the letter on the organization's mission, in which all donors have as a common interest, can help ensure its success.

Issue Eight: "The Zen of Acknowledgment"

Issue Addressed: Recommendations and principles for writing highly personalized acknowledgments.

ADRP Recommendations (Considerations and Pitfalls): An effective from-scratch acknowledgment letter combines deep awareness of the principal's voice and exactly the right amount of personal detail. The letter should read as if it was written effortlessly, from the heart, by the principal herself. To get to effortless can require heavy lifting, but not always. It becomes easier with practice. Recommendation details:

1. The ghost writer should above all be flexible and perceptive. She should gather awareness and not be blind to the little details. Those little details are what matter to the reader. They are what make the letter authentic and meaningful, regardless of who writes it.
2. Speeches, writings, and introductions by the principal, institution-wide publications, departmental websites and finally descriptions of the gift or gesture provide a foundation for the letter. But they can also overwhelm the letter with too much information and rhetoric.
3. There is a reason many executives use executive-sized paper. Less is often more. Less can point to more. Insiders don't explain things to each other. That would be an unnecessary effort. More often they say what is on their mind. The letter drops into the flow of a conversation that the writer isn't privy to, so the details should be plain and relevant.
4. One way to look at this is to picture the principal and the letter recipient engaging in small talk when, all of a sudden, the principal changes the topic and says "Oh, and, by the way, I have really wanted to thank you for what you did." At that point, the principal doesn't start pontificating. She may use lofty words, but they are expressed warmly and return quickly to the details – the meeting recently held, the committee chaired, the daughter starting her sophomore year.
5. To get the details the writer asks the individuals who spent time with the donor. Usually this is the fundraiser, but it can also be an event host, or another colleague who knows what is going on. She also obtains facts from the principal's office. She briefly reviews old letters to pick up on any past details. Like a newspaper reporter, the writer needs to cultivate professional relationships with the people who can provide the meaningful details.

Depending on what letters are at hand, a round of phone calls is in order. Even if the writer has no ability to interact with the principal, letters will still hit the mark.

6. Sometimes, details are scant. In this case the letter may be the start of a conversation. Keep things simple.

Issue Nine: Memorial and Honorific Gifts

Issue Addressed: Creating (1) acknowledgments to donors who have made honorary or memorial gifts, and (2) notification of contributions received to those who are being honored and the family members of those being memorialized.

ADRP Recommendations (Considerations and Pitfalls): Provide notification of honorific and memorial gifts to honorees and loved ones. Honorific gifts can be made to toast the leaders of an organization, and if no notification system is in place can quickly become a lightening rod for the acknowledgment program. Memorial gifts can represent an outpouring of love to family members, and reliable simplicity – regular reports and a single point of contact at an organization – can minimize stress at a time of grief. Recommendation details:

1. An organization should establish and have on hand instructions for donors who would like to make honorific or memorial gifts. These instructions should enable the organization to track these gifts.
2. Unless there is a fundraising strategy in place, avoid setting expectations with family members that honorific and memorial gifts will result in the creation of a vehicle with minimum gift amounts, such as a named scholarship.
3. Acknowledgment policies for honorific or memorial gifts should:
   a) treat donors' honorific or memorial contributions like any others to the organization, but include a line in the acknowledgment informing the donor that the honoree or family of the memorialized will receive notification that they have made a gift X's honor or memory.
   b) ensure for timely notification to honorees or family contacts.
   c) clearly define who has the responsibility for sending these notifications.
   d) outline the frequency for reporting gifts made to honorees and family members – i.e., once a week for the first month, on a monthly basis for up to a year, and then on an annual basis. Individual staff members can do their best to accommodate special requests depending on resources.

Other recommendations include:

1. Thank honorees or family members of the memorialized for directing gifts to the organization or just for the difference these gifts will make.
2. Establish who in a family should receive reports of gifts received.
3. Include donor addresses in a report so that the honored or family members of the memorialized can send their own acknowledgments.
4. Respect donor privacy by not providing the amounts that each donor contributed, but rather, overall totals.
5. Include language in the acknowledgment to the donor that the honoree or memorialized person's family will receive notification that a "generous" gift has been received in honor of X or in memory of Y.
6. If possible, for online gifts, use a system that enables automatic e-mail notification that a gift has been made in honor or memory of someone.

7. Real time notification can be a great asset at a time when family members may be seeing donors at a funeral or other service. It is also valuable when gifts are being made in honor of someone's birthday, anniversary, or another timely event.
8. Automatic notifications are particularly desirable for organizations that receive a large volume of honorific or memorial gifts, such as voluntary health organizations, medical centers or hospitals.
9. In written materials and in conversations with both donors and honorees or family members, demonstrate knowledge of the person being honored or memorialized and why the gifts are a fitting tribute.
10. Consider working with the honoree or memorialized individual's family to produce a write up of why the organization or cause is/was important to the honored or memorialized, or a message of thanks that you can incorporate into your acknowledgment materials.

<u>Issue Ten: Beyond the Page</u>
Issue Addressed: Supplementing letters by delivering the "thank you" message through different mediums and venues.
ADRP Recommendations: Donors' attention is also divided between many increasingly sophisticated organizations whom they support. It is important to look for different ways to connect with and to them, in order to stay relevant and to inspire their continued loyalty. Recommendation details:

1. Include in your acknowledgment processes "acknowledgment calls" from organizational leaders and volunteers, for gifts starting at a certain level (of volume you can accommodate).
2. For your most generous donors, learn about their passions and what connects them to your organization, and use this information to provide them with thoughtful tokens of thanks (as appropriate).
3. Fit stewardship or "thank you" visits into your and your leaders' and volunteers' travels, and host donors at your office, campus, or related site.
4. Consider hosting a "thank you" event for a group of donors, or enlisting a volunteer to host one for you.
5. Check in with colleagues who are hosting events. If a donor who recently made a gift will be there, employ a key leader to thank them in person for their support, and/or do so yourself.
6. Survey donors to learn their communications preferences, and ask them how they would like to hear from you. Gather their e-mail addresses.
7. While e-mail "thank yous" may be automatic for online gifts, consider sending them to donors who make their gifts offline as well to set the stage for ongoing e-communications.
8. Be on the lookout for stories, articles or other programmatic information that you can forward to your donors via e-mail as an "FYI," under a cover of continued appreciation.
9. Identify charismatic "spokespeople," such as beneficiaries, and work with them to gather or record their messages of thanks, or to make "thank you" visits with you.
10. Hold focus groups of colleagues and ask them to think about how the organization can improve its acknowledgments, and what vehicles or resources they can offer to maximize resources. For example, can student phone-a-thon callers make thank you calls?
11. Look at your organization's Web or Facebook pages. Determine how to leverage these to acknowledge donors. You may pilot activities such as sending a donor a Facebook message to thank them for their gift, if they are "friends" with your organization.

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