

# A Guide to Fundraising for Housing



## FUNDRAISING FOR HOUSING

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## INTRODUCTION

Pi Beta Phi Foundation's mission is *to enable the Fraternity to realize its vision and ensure the future of the sisterhood*. We consider chapter housing to be one of the most pressing needs facing Pi Beta Phi today, and made a commitment several years ago to begin pursuing ways to support the need to fundraise for chapter housing, within the parameters of current law.

In 2009, we introduced the Educational Area Grant Program (EAGP), where we are able to partner with Chapter House Corporations (CHCs) to provide a way to secure tax-deductible dollars for their capital campaign projects. Three projects and nearly \$1.5 million dollars later, we continue to refine the program to make it as user-friendly as possible for the CHCs who choose to partner with us.

In 2011, we introduced the Chapter House Improvement Program (CHIP), where we are able to offer Pi Beta Phi alumnae the opportunity to make tax-deductible contributions in support of a specific chapter house. While still in its infancy, we are committed to finding ways to make the program as user-friendly as possible for both CHCs and donors wishing to establish a CHIP for the chapter. Also in 2011, we amended our board structure to establish an ex-officio position on the Foundation Board of Trustees for the President of the Fraternity Housing Corporation in order to facilitate better communication and understanding between the two entities.

*A Guide to Fundraising for Housing* represents our next step in offering support for the housing needs of Pi Beta Phi. The capital requirements faced by almost every CHC can be daunting. An aging chapter house competes with state-of-the-art university housing in terms of appeal to students. Costs only go up and expenses increase. The fundraising climate is impacted by both increasing competition and a lackluster economy. It's more important than ever that CHCs undertake fundraising in the smartest, most strategic way possible. It's to that end that we offer this resource guide, where we:

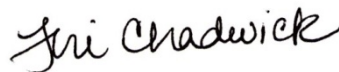
- Address common myths of fundraising
- Review current tax law and Pi Phi guidelines\*
- Address ways to raise charitable gifts for housing
- Provide tips for all successful fundraising
- Provide a short list of resources

We are always an email or a phone call away to answer your questions, provide advice or assistance in any way we can. Our hope is that someday the tax law changes and we will be able to raise tax-deductible dollars for you, unfettered by any restrictions about what 'qualifies' and what does not. Until that day, we remain committed to doing as much as we can to help your fundraising efforts succeed.

In Pi Phi,



Kathy Swinea Nevill  
Past President, Board of Trustees



Teri Champion Chadwick, CFRE  
Executive Director

*\*The information presented herein is current as of May 2012. You should consult the Fraternity Housing Corporation for the most current guidelines for allowable fundraising practices for Pi Beta Phi Chapter House Corporations.*

## COMMONS MYTHS

There are some unique circumstances to raising funds for your Chapter House Corporation (CHC) and your housing needs (see more under Tax Law and Pi Phi Guidelines), but in general, fundraising is fundraising! The same practices and techniques that make your university, church or local Girl Scouts fundraising successful will help you be successful.

Before we start reviewing what makes fundraising successful, let's take a look at some myths and mistakes that can hinder your fundraising:

Myth: Let's just raise money for what we need this year.

Reality: Good stewardship — being able to assure your donors you have a vision and their support is making that vision a reality — is key to long-term fundraising success. Putting off decisions about the long-term improvements needed for your chapter house makes no more sense than putting off decisions about long-term improvements you need for your home. Would you redecorate the living room knowing you needed a new furnace next year? Probably not. Take the same smart, strategic approach to your fundraising case and your donors will do more than appreciate it — they'll support it.

Myth: All we need to do is write a letter (also known as, ask and they will come).

Reality: A GOOD direct mail response these days is about one percent. Pi Phi's can do better than that, but even mailings to donors closest to the organization will generally not exceed ten percent. Think about how many requests for support arrive in your own mailbox; how many of them do you respond to? Your members have the same overwhelming number of letters arriving in their mailboxes as well. Build connections to your members without asking them for money, and they are more likely to respond when you do.

Myth: OK let's send them a newsletter, THEN ask for money.

Reality: Newsletters and other forms of communication are important. However, statistically, someone has to see or hear a message SEVEN TIMES for it to resonate with them. You will need a comprehensive communications plan in place in order to connect alumnae emotionally to the chapter they haven't seen or been to, in many cases, since they left college. THEN, you can start to think about asking them for money.

Myth: The Chapter House Corporation Board has to do the fundraising.

Reality: Your CHC Board is responsible for providing a safe living environment; does that mean you install the fire extinguishers and fix the plumbing? Just like you have volunteers and vendors assist with critical areas of operation, so too you may need to consider looking outside of your CHC Board for fundraising leadership and assistance.

Now that you know what myths to disregard, let's get to the realities of fundraising for housing.

## TAX LAW AND PI PHI GUIDELINES

### Tax Law and IRS Rules

All CHCs that are organized as 501(c)7 organizations are allowed by law to fundraise, subject to tax law summarized below. As of this printing, there are still a few CHCs in Pi Phi that are 501(c)2 organizations, which are prohibited by law from doing any fundraising of any kind. If your CHC is still a 501(c)2, we encourage you to contact the Fraternity Housing Corporation and discuss becoming a 501(c)7 so you can fundraise to meet your chapter house needs.

If your Chapter House Corporation is organized as 501(c)7 organization, you may fundraise under specific rules. The primary IRS rule that applies to fundraising by or for a 501(c)7 organization is that all gifts made payable to a 501(c)7 are not tax-deductible.

Additionally, all solicitations for gifts to be made payable to the Chapter House Corporation must state:

*Contributions made to (official CHC Name) are not tax-deductible  
for Federal Income Tax Purposes.*

This statement must be on all materials where information on making a gift is present (a mailing address, etc.) and on any material that is to be returned with the gift. So, for example, an appeal letter should state it and a return envelope or response slip should state it as well. The statement must stand alone so it is visible to the reader, and it must be in the same font size as the rest of the copy; it cannot be smaller.

Providing this statement on the appropriate materials is essential and a CHC who fails to observe this requirement jeopardizes its tax-exempt status.

Regarding charitable (or tax-deductible) gifts for housing, other sections of the IRS code apply, which have implications for fundraising for Greek housing. Fortunately, both Pi Beta Phi Foundation and your university offer solutions which will be addressed in Section III.

### Pi Phi's Guidelines

#### **Solicitations**

Any solicitations of behalf of a chapter or Chapter House Corporation shall be executed by the Chapter House Corporation in accordance with these Statutes:

- A. Permission for a solicitation of funds for specific chapter house redecoration, building or remodeling or on behalf of the collegiate chapter shall be obtained from the Fraternity Housing Corporation (FHC).
- B. A Chapter House Corporation may only solicit funds from members initiated into that chapter or those who have officially affiliated with the chapter.
- C. All money received shall be deposited in the Chapter House Corporation account and shall not appear in the chapter's financial records.

Pi Beta Phi Constitution and Statutes, Article XIV, Section 6

Other important things to know:

1. While chapters may participate in and encourage CHC fundraising efforts, under no circumstances can a *chapter* accept donated funds for the purpose of housing, or fundraise for or on behalf of the CHC;
2. Parents of active members can be solicited for gifts;
3. While the rules state who the CHC can solicit *for* gifts, there is no limit on who the CHC can accept donations *from* (non-tax-deductible, of course). CHC members who may be from other chapters, local alumnae groups and local businesses can all financially support your CHC. Please note these gifts will likely be considered non-member income for tax purposes, and cannot exceed 35% of your CHC budget without incurring tax liability. Consult your tax professional for further details;
4. Many CHCs are accustomed to requiring the Campaign Chair to be a member of the CHC board. This is no longer the case. We would encourage CHCs to consider co-chairs or official CHC Board liaisons within the fundraising committee, in order to recruit the most appropriate fundraising volunteer to lead the fundraising efforts. Additionally, there is NO requirement that the volunteers conducting fundraising on behalf of the CHC be board members.

Other guidelines are in place for acquiring lists of alumnae, receiving approval of fundraising efforts and reporting back to FHC fundraising results.

While this information is current as of this printing, CHCs should consult their CHC Manual for a comprehensive list of Pi Phi rules around fundraising.

## **PI BETA PHI FOUNDATION TOOLS FOR RAISING CHARITABLE GIFTS FOR YOUR CHC**

The limited opportunities afforded CHCs under current law to fundraise for housing are the reason the Foundation has invested significant resources in the last three years to develop options, legal under current law, which can provide assistance to CHCs in securing charitable dollars.

The underlying premise for each option is the same; current law requires a determination of the qualified percentage of the housing project or ongoing costs but, once a qualifying determination has been made, Pi Beta Phi Foundation can accept and then disburse back to the CHCs charitable gifts in support of chapter housing.

### **Determining qualifying percentages**

You know how you hear on the news about some quirk in the tax law that makes no sense whatsoever? That is the situation with regard to charitable gifts being used to support housing for fraternal organizations. Under current tax law:

- A 501(c)7 CHC cannot solicit for or accept gifts that are wholly tax-deductible;
- Neither can your 501(c)3 national Pi Beta Phi Foundation, when it comes to housing;
- There is this ‘qualified’ definition that must be applied to any tax-deductible gift for fraternal organization housing;
- The definition of what is ‘qualified’ is fairly narrow;
- Universities have no such limits — any and all gifts can be fully tax-deductible and used for any and all housing costs.

Yes, it’s completely unfair.

The good news is there are groups working to change the law, but until that happens, we at least have a clear definition of *what is* and *what is not* qualified. This provides us the parameters of what the Foundation (as a 501(c)3 organization) can accept as a tax-deductible donation for the purposes of providing housing.

Through Pi Beta Phi Foundation, tax-deductible gifts can be solicited for projects to improve dedicated study, library, computer and instructional areas of a chapter house that are similar to those provided for the general student body by the university, and items in these areas such as computers, computer desks and computer chairs. A computer, desk and chair may also be provided in the student room, provided the Chapter House Corporation retains ownership of these items *and* the University also provides their dormitory residents with the same. Furthermore, if the college dormitories are wired for computer use, expenses to wire the fraternity house also qualify.

Let’s say your CHC was planning to spend \$30,000 to convert a spare room to a computer room, purchase study desks and chairs for all bedrooms and renovate the library. All are fully qualified subject to the limits mentioned above:

Computer Room Renovations	\$10,000 @ 100% qualified
Study Desks, Chairs for Bedrooms	\$10,000 @ 100% qualified
Library Renovation	\$10,000 @ 100% qualified

Also, grants can be made for annual operating expenses (insurance, utilities, and similar items) relating to dedicated educational areas as well as for the installation of fire alarms, smoke detectors and internal sprinkler systems for dedicated educational areas. Any reasonable allocation may be used for determining educational space in the fraternity house.

So, in our example above, in a 10,000 square foot chapter house, the computer room (fully qualified) and the library (fully qualified) total 500 square feet.

$$\frac{500 \text{ sq ft Qualified Space}}{10,000 \text{ sq ft House}} = 5\% \quad \times \quad \text{Annual Budget} \quad = \quad \$25,000 \text{ Qualifying Annual Expenses}$$

\$500,000

The primary limit on identifying an area ‘qualified’ is that it cannot be used for any purpose other than educational purposes except for minor social and recreational use such as an occasional reception. A basic floor plan with dimensions and an indication of the use of each room can be used to calculate the qualifying percentage. CHCs can utilize legal counsel (*see Additional Resources, Page 16*), an architect or accountant to calculate the qualifying percentage of operating costs which can be funded with charitable gifts.

Pi Beta Phi Foundation recommends securing a legal opinion to calculate the qualified percentage for capital projects of a significant size (\$250,000+). Additionally, we recommend sharing the parameters around qualified/unqualified with any architects contracted for major projects. Depending on the project and how it is structured, we have had projects with 70–90% of the project expenses deemed qualified.

### **Educational Area Grant Program**

Pi Beta Phi Foundation’s Educational Area Grant Program (EAGP) offers a way for CHCs to partner with the Foundation in order to capitalize on the portion of the capital improvement projects which qualifies for charitable support. Before the EAGP concept was developed, the only means of soliciting charitable dollars for a chapter house’s capital project was to partner with and channel charitable gifts through the University. EAGP provides an alternative for chapters where university partnership is not an option or where the CHC desires to retain complete control over all aspect of their capital campaign project.

You should explore EAGP as an option for your CHC if the following apply:

- You have a significant capital project (\$250,000 or more);
- You anticipate 25% or more of your project will meet the ‘qualified’ criteria;
- You do not have the ability to raise charitable gifts through your university or, you prefer to retain control of the fundraising and friendraising process.

An EAGP partnership is a fairly straightforward process. These are the basic steps:

1. Your CHC should contact the Foundation with general information about the size/scope of the project you are planning. We can jointly determine if we think an EAGP partnership is the right approach.
2. Your CHC gathers a few documents and obtains an opinion as to the qualifying percentage of your project. Your CHC will likely incur a cost for a legal opinion on the qualifying percentage.
3. Once a qualifying percentage of the project and all materials have been gathered, your CHC will make a formal application to the Foundation Board of Trustees to enter into an EAGP partnership.
4. After Trustee approval to enter into the EAGP partnership is obtained, all parties enter into a legally binding EAGP agreement. Representatives of the Foundation, the Chapter House Corporation and the chapter will need to sign the EAGP Agreement. Each entity has responsibilities to the other that are clearly outlined in the agreement.



5. Fundraising begins! Foundation staff are available to work with your CHC and your fundraising counsel. Your CHC raises the funds; gifts are made payable to and directed to Pi Beta Phi Foundation.
6. Once funds have been accumulated, your CHC then begins to draw down on the available balance to pay for the costs of the project (see Sample Form on Page 30).
7. Brief follow-up reporting is required (see Sample Form on Page 31).

*Detailed information on EAGP is available in Additional Resources starting on Page 23.*

An Educational Area Grant Program agreement executed between your CHC and Pi Beta Phi Foundation can be an effective and useful tool to raise charitable gifts to support your capital housing project.

### **Chapter House Improvement Program**

A Chapter House Improvement Program (CHIP) Fund will allow chapter alumnae to make tax-deductible contributions in support of their chapter and provide a fund which CHCs can access to fund qualified improvements to the chapter house, as well as ongoing operational expenses.

The CHIP Fund is meant to supplement the Educational Area Grant Program also offered by the Foundation, not replace it. EAGP is the appropriate mechanism for chapters wishing to conduct capital campaigns to fund major house improvements. CHIP is the appropriate mechanism for ongoing alumnae support, outside of capital campaign efforts, that can be used for appropriate, qualified educational house improvements and other qualified house corporation expenditures.

You should explore CHIP as an option for your CHC if ANY of the following apply:

- You have one-time or ongoing expenses that meet the qualification criteria;
- You anticipate entering into a capital project at some point in the future;
- You have an anniversary or other event coming up which could provide a natural rallying point for alumnae to ‘come home’ and reconnect. CHIP will provide a tax-deductible mechanism for establishing a pattern of giving.

Setting up a CHIP for your CHC is an even easier process than an EAGP agreement:

1. Your CHC should contact the Foundation with general information about the size/scope of your qualifying expenses. We can jointly determine if we think a CHIP is the right approach.
2. Minimal documentation is required. You will be asked to provide back-up documentation of your assessment of any qualifying percentage for ongoing operational expenses, such as a floor plan indicating square footage and a statement of use for the qualifying areas.
3. A donor or CHC provide initial funds to establish the CHIP.
4. All parties enter into a legally binding CHIP agreement. Representatives of the Foundation, the Chapter House Corporation, and the Chapter will need to sign the CHIP Agreement. Each entity has responsibilities to the other that are clearly outlined in the agreement.
5. Fundraising begins! Foundation staff are available to work with your CHC and your fundraising counsel. Your CHC raises the funds; gifts are made payable to and directed to Pi Beta Phi Foundation.
6. Once funds have been accumulated, your CHC then begins to draw down on the available balance to pay for the costs of the project (see Sample Form on Page 30).
7. Brief follow-up reporting is required (see Sample Form on Page 31).

*Detailed information on CHIP is available in Additional Resources starting on Page 27.*

Currently we ask for a \$10,000 donation in order to establish a CHIP fund, but if that is prohibitive please do still contact us; we want to work with your CHC to help get your CHIP established.

One significant benefit of establishing a CHIP is that the Foundation will be able to accept gifts of appreciated securities, IRA rollovers and planned gifts designated to your chapter's CHIP Fund. While the Foundation is not in a position to actively solicit funds for every chapter which establishes a CHIP Fund, we will make every effort to connect interested donors with a CHIP fund.

The CHIP Fund is a new initiative by which the Foundation can connect alumnae and other interested donors wishing to support their chapter houses with the CHCs and their need for funds for qualified educational expenditures. Until tax law changes and we no longer have stringent requirements around what we may and may not use charitable gifts for within our chapter houses, a CHIP Fund can help meet the needs of both donors and CHCs.

Within the parameters of our limited staff resources, the Foundation hopes to support the efforts of your CHC to improve housing for your chapter members. We encourage a full and robust discussion of all the considerations, and are happy to answer any questions or concerns.

## TIPS FOR SUCCESSFUL FUNDRAISING

The truth is, **successful fundraising** is equal parts **art**, **science** and **happenstance**. The art of fundraising is in the relationships, the science is in the techniques and happenstance is in the timing.

The softer skills inherent in building relationships are all for naught if you don't have the infrastructure and support you need to process gifts, speak to a mass audience to build momentum and manage the business side for fundraising. The reverse is true, as well. You can have a state-of-the-art fundraising machine in place, but it goes nowhere without key relationships, and those relationships need time and energy.

The balance and ratio needed between the two — relationships (art) and techniques (science) — will change depending on your fundraising needs. A smaller project can rely more heavily upon techniques, but long term, major gift and capital projects absolutely require focus and attention be paid to key relationships.

Finally, you have to keep in mind that you can have a great relationship and the best supportive structure around the giving process, but a life event like death or divorce or even other charitable commitments over which you have no influence can adversely affect your fundraising success. However, if you manage the relationship with donors well even when circumstances prevent an immediate gift, you will position yourself for longer-term fundraising success.

### You Need a Plan

A good fundraising plan is necessary for any fundraising project, REGARDLESS of whether it's carried out through a Chapter House Corporation (so gifts are not considered tax-deductible) or through a Pi Beta Phi Foundation- or University-affiliated project (and therefore are tax-deductible). A good fundraising plan will account for all three primary elements of fundraising success:

- ♦ **Art** – Have we identified the key relationships that are necessary to our success, and do we have a plan of action for pursuing and strengthening those relationships? Is our plan of action reasonable and does it allow the time necessary? Do we have our leaders for this plan identified and have we budgeted accordingly? Will our plan support long-term relationships that will benefit the chapter down the road?
- ♦ **Science** – Have we identified the key techniques and structures we need to have in place for success, and do we know who our leaders are, and what our resources are for putting those techniques and structures in place? Do they support our relationship goals? Are they sustainable over the long term or overly reliant on one volunteer or resource?
- ♦ **Happenstance** – Have we evaluated other factors that might affect our fundraising success, like a competing university campaign? Do we have a comprehensive plan that is not overly reliant on one technique, vendor or individual for success?

The larger the project, the more complex the plan, but to ensure the best chance of success, always start with a written plan of action. Even if it's just a page or two, a written plan will help ensure that you've thought through all the moving parts of your fundraising efforts, and it provides a document that can provide ongoing guidance to your efforts.

## Having a plan is good; having a GOOD plan is better

Have you ever heard the adage ‘When you’re a hammer, everything looks like a nail?’

The same principal holds some cautionary advice for you when you are looking for fundraising support. A printing or direct mail house is going to tell you direct mail is the key; someone familiar with technology will advise that it can all be done via email and a really, really cool website! Even your closest friends and leaders will tend to apply their own biases to the advice they offer: some will think you can make your goal by just asking enough people to write you a \$25 check (or let’s do text-to-give!) and others will say “if we can just get Jane Doe on board, she could write a check for the whole project.”

You want to use the **right technique** on the **right relationship** at the **right time** for the **right purpose**. Consider these three scenarios:

- 1) **Sue** is an alumna who lives several states away. She has maintained close relationships with her pledge class sisters, her big/little, etc. but she’s not involved in the chapter anymore. She is involved in her local community with several charities, and she’s served a leadership role for several of them, but she’s not involved in her local Pi Phi alumnae club. You’ve heard she’s done quite well professionally and could be a major donor.
- 2) **Debbie** is an alumna who lives within driving distance but she’s lost track of most of her pledge class over the years and has never attended a reunion event at your chapter. She is connected to Pi Phi she sees regularly through her local alumnae club. She is a full-time homemaker with school-age children.
- 3) **Cherie** is an alumna member of another chapter but she has volunteered on your chapter’s AAC and CHC regularly over the years, and she’s an active member of your local alumnae club. She’s a nurse, and is married with grown children.

Q: Who do you include on your newsletter or email list?

A: ALL. You might think you would exclude Cherie, but even though she’s from another chapter, she has one of the closest relationships to your chapter! If she would like to receive information from your CHC, be sure she is on your list. Individuals from any chapter can request to be on your newsletter list.

Regardless of whom you include on your list, sharing information through a newsletter or e-communication is the easiest and most cost-effective way you will have to build momentum for the time you will solicit them for a gift. Newsletters and email communications are a great way to create affinity for the members you are serving, strengthen relationships, affirm good stewardship of gifts already received and acknowledge donors and friends of your projects. Typically, newsletters should not be used as a way to actively solicit your members; let information be information and solicitations be solicitations. Penelope Burk’s research, documented in her landmark book *Donor Centered Fundraising*, clearly demonstrates that if as an organization you will take the time for this important communication, subsequent solicitations will be that much more effective and successful.

Q: Who would you include in your feasibility study or planning effort?

A: A good rule of thumb is, start with those closest to your organization, and be very, very careful about who you bring to the planning table.

For *ongoing support*, you can likely start with your CHC board and perhaps one or two committed alumnae who will agree to help you fundraise. Effort made in the planning phase, which outlines an annual scope of work, can ensure that just about anyone who comes after you can implement the

ongoing friendraising. From our scenarios, perhaps Cherie is involved in the beginning and then over time you identify Debbie as someone you'd like to reach out to and involve more.

For a *capital project*, you're going to want to be sure you put together a tightly knit group of committed alumnae and leaders who will make a commitment to see your project through to successful completion. You would definitely include Cherie in researching your project; she could hold key information about members who might 'come back' to support your project. Perhaps Sue would have an expertise in fundraising she could bring to the table for your project (hint: see details under Fundraising Committee Responsibilities for how you might determine that!). There will come a point in a capital project where you 'roll out the welcome mat' and include everyone. The planning phase is *not* the time for this. Identify your key stakeholders. Be honest with yourself and others about their limits. The old fundraising adage that you want a volunteer with 'time, talent and treasure' to give holds true, but in reality, very few people have all three. A careful and honest assessment of who you are bringing to the table to collectively provide your project with the time, talent and treasure needed will be critically important. Many a good project has failed due to the wrong people being asked to be leaders; a membership organization like Pi Phi is particularly susceptible. Who wants to say no to Pi Phi?

Q: Who is a major gift prospect?

A: For *communications*, if you treat everyone as a major gift prospect, you won't go wrong. That doesn't mean you need to take the time and expense to book an airline ticket to go visit with everyone! But certainly treat every gift large or small with the respect it deserves. Virtually every major donor will start out with a modest gift. Acknowledge gifts promptly and in a meaningful way (hint: a postcard thank you isn't the right answer!). Share information freely. Make your donor feel good about their \$10 gift, and if they're capable of larger gifts, they are that much more likely to consider making another, larger gift. Again, the book *Donor Centered Fundraising* provides very useful guidance.

For *capital projects* where you are actively looking for significant gifts, be aware that half of your project will likely come from your Top 10 donors. At least 80 percent of the entire amount you will raise in a capital campaign project will come from about 20 percent of your donors, and the trend nationally across all sectors is 90 percent of gifts coming from 10 percent of donors. There are several good, sophisticated research tools on the market which will help you identify who among your chapter alumna has the resources *and* inclination to be a major donor to your campaign. This is where outside fundraising counsel can be very helpful.

A written development plan will help ensure you have thought out both your needs and your available resources, and how to match the two for the best fundraising success. There are many free resources available to you as you begin to develop your plan for fundraising success.

### **Don't think you can skip planning if it's 'just' gifts for the CHC**

Here's another question: do you only need to think about feasibility and planning, or major gifts, if you are doing a fundraising project for tax-deductible gifts? The answer is **NO**.

Study after study has shown that the tax considerations, while important, are not the primary motivating drivers for many donors — even major gift donors — in making a gift. Chapter House Corporations could absolutely put the same planning and effort into fundraising for gift directly to the CHC as they do for a fundraising effort conducted through the Foundation or their university. In fact, a good development plan for

CHC fundraising that is executed well over a number of years should increase the likelihood of fundraising success in the event a capital/charitable campaign is entered into in the future. Why? Because the relationships and communication will have been strengthened — and that's key for ALL fundraising.

An outline for a Development Plan for a model housing campaign is included here under Additional Resources, as is information on selecting fundraising counsel and putting together a fundraising committee.

In putting together your Development Plan, you will need to consider particular aspects unique to your circumstance and your project. There may be aspects to your project or circumstances that are not addressed in the sample. Regardless of the special circumstances, you will want to research best practices and resources available to make your fundraising project a success.

Pi Beta Phi Foundation has professional fundraising staff available who can review your development plans and offer advice. Pi Beta Phi Fraternity Housing Corporation can offer assistance understanding the Fraternity rules around fundraising practice for House Corporations. Regardless of the advice and support available through Pi Beta Phi, a savvy CHC board will well-acquaint themselves with resources available in the online community.

**APPLYING BEST PRACTICE TO FUNDRAISING FOR HOUSING**

One of the best, most objective and comprehensive resources available is The Chronicle for Philanthropy’s website. The Chronicle of Philanthropy is to nonprofit groups what the Wall Street Journal is to business. However, don’t let the front-cover stories make you think there isn’t advice and resources available for and very applicable to your smaller project! Visit Home > Community > Multimedia > Fundraising Fundamentals at their website, [www.philanthropy.com](http://www.philanthropy.com)

Below are 9 *Tips for the New Year* shared in a recent podcast on this site, along with our take on how to make these tips relevant for your CHC fundraising project:

Podcast Tip	CHC Application
Consider your competition	Think about what else might be competing for your donor’s attention and support. Is your University in the middle of campaign or getting ready to start one? If your members tend to be concentrated in a particular town or metropolitan area, are there any other big fundraising campaigns underway? Is there a big alumnae club fundraiser competing for their attention? Do your chapter members tend to marry Betas more than Sig Eps? What fundraising campaigns are those Fraternities doing? Is it a political year? Are you trying to call/email/contact your members in the middle of a hot political primary season?
Make it easy for donors to fall in love with you	This is important: <u>you cannot assume every chapter alumna member has the same affinity for the chapter that you do!</u> The stronger a connection you can create for your potential donors, by reminding them of memories and creating case statements that have an emotional, immediate and tangible appeal, the better your fundraising success will be! How can you appeal to an alumna member who didn’t have a great chapter experience? How can you make her fall in love with her chapter all over again?
Your website is your face (make it easy to donate)	There are many options for creating an online presence that are cost effective or even free. Chances are you have alumnae or even undergraduate members who could be your source expert for creating an online presence. In this day and age, it’s a must. You can create a Google site, a Facebook page and a Twitter account all for free. With a little more work, you can setup online donation options. And if you partner with the Foundation through EAGP or CHIP, there are online donation options available there as well.
Think about partnerships	As a CHC, you have more potential partners than you probably realize! Think about the chapter, the AAC, Pi Beta Phi Foundation, Fraternity Housing Corporation and your university all as potential partners. What about your university alumni association? What about your local alumnae club? Other groups in your metropolitan area? If you have a historic building, more partnerships are available there as well.
Create something for everyone to do	This can be a challenge in a group like Pi Beta Phi, where so many members are spread out across North America or even the world! Think outside the box. How can the chapter members work to create energy and momentum? Do you have chapter members who even though they aren’t local, could participate in managing your project for fundraising success? Divide up the work — there’s fundraising and

	then there's friendraising, and almost everyone can do at least one of the two!
Give your board specific instructions on how they can help	When you think about your specific stakeholders who are providing your leadership, are you using their talents as wisely as possible? Going back to the friendraising versus fundraising question — are there members who will help you connect even if they aren't comfortable being the ones to ask for a gift? Provide your stakeholders with information and training to help them get comfortable with the work at hand. Taking shortcuts here usually ends up in lost donations.
Learn lessons from Occupy movement	No, the lesson here is not to get political. But in terms of motivating people, the Occupy movement certainly was able to muster support across an entire country and with little or no infrastructure and resources. Does that sound familiar? Create a compelling case — THIS is the problem and THIS is why it's important. Create urgency — this is why WE need to FIX this NOW. And then create ownership — this is why YOU are important! Through social media create ways for members to feel heard and share in the excitement of your project, and you will enhance your chances of success. (P.S. Don't make assumptions about age, either. The fastest growing age demographic on social media is 65+!)
Display good stewardship	Are you finding good, efficient ways to communicate and thank your donors? Are donors thanked promptly and in a way that lets them know their gift had an impact? Are they communicated with outside of being solicited, so that they feel important? Is the impact of their gift — the difference it made — communicated to them before you ask for another gift? Do you make a financial report out to your donors to tell them how you've managed their money?
Don't be irrelevant	Often when we're close to a project or cause, we don't see the questions that will arise for others who aren't as close. Why a chapter house and not a dorm? Why state-of-the-art, and not old, tired accommodations? Why Greek housing at all? Think in terms of what motivates donors <i>today</i> and what things your chapter and Pi Beta Phi are doing that can tap into that motivation. Is it educational excellence? Developing the next generation of leaders? Preserving a history that is perhaps decades if not centuries old? The relevancy will be different for each campus, each chapter, and even each donor. How can you structure your case to make your project relevant, urgent and worthy of their support?

You can hear the full podcast at <http://philanthropy.com/article/9-Tips-for-Raising-More-Money/130372/>



## **AVAILABLE ONLINE RESOURCES**

<http://www.thefundraisingauthority.com>

Especially <http://www.thefundraisingauthority.com/fundraising-basics/>

[www.gailperry.com](http://www.gailperry.com)

Especially <http://www.gailperry.com/resource-center/free-fundraising-tools-newsletter/#>

[www.penningtonco.com](http://www.penningtonco.com)

Especially <http://www.penningtonco.com/s/index.cfm?sid=6>

[www.philanthropy.com](http://www.philanthropy.com)

Especially <http://philanthropy.com/section/Community>

[www.philanthropyjournal.org](http://www.philanthropyjournal.org)

Especially <http://www.philanthropyjournal.org/resources/fundraising-giving>  
and <http://www.philanthropyjournal.org/resources/marketing-communications>

[www.pursuant.com](http://www.pursuant.com)

Especially <http://www.pursuantgroup.com/fundraising-resources/white-papers/>

## **RECOMMENDED READING**

*The Accidental Fundraiser*, by Stephanie Roth and Mimi Ho (ISBN 9780787978051)

The Accidental Fundraiser is written for the volunteer with an organization, school, or project who needs a how-to resource that guides them through the process of raising money from their community. The book presents eleven proven fundraising strategies that are easy to carry out and don't require significant funds, large numbers of people or extensive knowledge of fundraising.

*Asking*, by Jerold Panas (ISBN 9781889102351)

It ranks right up there with public speaking. Nearly all of us fear it, and yet it is critical to our success: asking for money. *Asking: A 59-Minute Guide to Everything Board Members, Staff and Volunteers Must Know to Secure the Gift* will help you, your board members and volunteers to ask with skill, finesse and powerful results.

*Donor Centered Fundraising*, by Penelope Burk, Cygnus Research (ISBN 9780968797815)

In this groundbreaking and thought-provoking book, author Penelope Burk presents the fundraising industry with its first-ever statistically based look at the present state and future potential of donor-centered fundraising. In clear language, the book explores the pitfalls of our traditional approach to recognition and communication; what really motivates donors to give — and keep giving; and how to provide better information to donors.

*Note: If you choose to read Donor Centered Fundraising, please contact Teri Chadwick, Foundation Executive Director, for a copy of the Executive Summary from the 2011 research project that Pi Beta Phi Foundation participated in through the North-American Interfraternity Conference Foundation with Cygnus Research and Penelope Burk, which provides a detailed view of the preferences and perceptions of Greek alumni in general, and Pi Beta Phi alumnae in particular.*

**PI PHI SUPPORT and HOUSING SECTOR VENDORS**

In addition to educating yourself and your CHC board, there are resource organizations and vendors available to assist you. A brief list is provided below.

PI BETA PHI RESOURCES	
Pi Beta Phi Foundation	<p>Info: <a href="http://www.pibetaphifoundation.org/programs/housing">www.pibetaphifoundation.org/programs/housing</a></p> <p>Contact: Jenny Miller Pratt, Development Director at <a href="mailto:jpratt@pibetaphi.org">jpratt@pibetaphi.org</a> or (636) 256–1357 ext. 768</p> <p>Provides charitable (tax-deductible) options through the CHIP and EAGP programs; provides general fundraising advice and guidance for all Pi Beta Phi entities.</p>
Pi Beta Phi Fraternity Housing Corporation	<p>Info: <a href="http://www.pibetaphi.org">www.pibetaphi.org</a></p> <p>Contact: Caroline Majers, Housing Director at <a href="mailto:caroline@pibetaphi.org">caroline@pibetaphi.org</a> or (636) 256–0680 ext. 767</p> <p>Provides approval to move forward with all fundraising efforts and guidance as to compliance with Pi Phi fundraising rules for Housing.</p>
Pi Beta Phi Fraternity	<p>Info: <a href="http://www.pibetaphi.org">www.pibetaphi.org</a></p> <p>Contact: Janelle Schroeder, Communications Content Manager, at <a href="mailto:janelle@pibetaphi.org">janelle@pibetaphi.org</a> or (636) 256–0680 ext 711.</p> <p>Provides newsletter services (both print and electronic) including layout, editing, printing and mailing.</p>
LEGAL RESOURCES	
Fraternal Law Partners	<p>Info: <a href="http://www.fraternallaw.com">www.fraternallaw.com</a></p> <p>Contact: John Christopher, Partner at (513) 721–5525 or <a href="mailto:john.christopher@fraternallaw.com">john.christopher@fraternallaw.com</a></p> <p>Provides legal opinion on qualifying percentages of projects as well as general counsel for many Greek organizations.</p>
Robinson Bradshaw	<p>Info: <a href="http://www.rbh.com">www.rbh.com</a></p> <p>Contact: Diane Chipps Bailey at <a href="mailto:dbailey@rbh.com">dbailey@rbh.com</a> or (704) 377–8323</p> <p>Provides legal opinion on qualifying percentages of projects as well as general counsel for several Greek organizations.</p>

NATIONAL FUNDRAISING COUNSEL RESOURCES

Pennington and Company	Info: <a href="http://www.penningtonco.com">www.penningtonco.com</a> Contact: Amy Kanning, Vice President, <a href="mailto:akanning@penningtonco.com">akanning@penningtonco.com</a> or (785) 843-1661 ext. 309 Provides full-service fundraising counsel offering annual and capital campaign support. Provides Alumnae Communications services. Current Pi Phi clients include CO Alpha, MI Beta, MO Alpha, IN Delta, CA Gamma and TN Beta.
Pursuant, Inc.	Info: <a href="http://www.pursuant.com">www.pursuant.com</a> Contact: James Owens, Vice President, <a href="mailto:james.owens@pursuant.com">james.owens@pursuant.com</a> or (540) 463-3056 Provides full-service fundraising counsel offering annual and capital campaign support.
The Laurus Group	Info: <a href="http://www.thelaurusgroup.net">www.thelaurusgroup.net</a> Contact: Mary Barlow, VP Business Development, <a href="mailto:mbarlow@thelaurusgroup.net">mbarlow@thelaurusgroup.net</a> or (678) 848-8987 Provides full-service fundraising counsel offering annual and capital campaign support.

**SAMPLE DEVELOPMENT PLAN**

The purpose of a development plan is to help ensure the success of your fundraising efforts. The plan will outline your goals as well as the steps you take to ensure you achieve your goals.

I. FINANCIAL GOALS

PROJECTED FY OPERATING BUDGET: \$406,700

Income Categories	FY 2011 Income Actual	FY 2012 Income Projections	% of Total 2012 Income
Rent	\$350,000	\$350,000	86%
House Fund Fee	\$30,000	\$30,000	7%
Individual Gifts	\$22,412	\$25,000	6%
Other	\$1,500	\$1,700	1%
<b>TOTAL INCOME</b>	<b>\$403,912</b>	<b>\$406,700</b>	<b>100%</b>

II. STRATEGIC GOALS (non-monetary goals impacting success of plan)

- a. Strengthen donor cultivation by providing more communication to chapter alumnae and local area alumnae
- b. 100% participation of CHC in some area of fundraising, be it cultivation of donors, thank you phone calls or financial support
- c. Develop and execute plan for recruiting and training fundraising volunteers

III. SOLICITATION STRATEGIES

a. Personal Solicitation Campaign

i. Individual Solicitation

Time Frame: September–March

# of prospects: 20

Goal: 50 percent giving; \$10,000 (no previous personal solicitation)

Method: Personal solicitation. Seek out previous donors who have given between \$100 and \$1,000 to the CHC previously. Seek to raise \$10,000 from 10 individuals.

b. Direct Mail

During the fiscal year we will solicit chapter alumnae twice: once in the fall and once in the spring. We will create a solicitation letter for each mailing. To keep costs to a minimum we will print, fold and stuff envelopes as a CHC Fundraising Team.

i. Fall Mailing

Timeframe: September–December

# of prospects: 2,500 (include 30 recent graduates)

# of donors: 50 (people who made a gift last year)

Goal: \$10,000

Method: Mailing with remit enclosure; follow-up articles in newsletter; phone calls to previous donors who haven't made a gift by December 1.

- ii. Spring Mailing
  - Time Frame: April–June
  - # of prospects: 1,000
  - # of donors: 100
  - Goal: \$5,000
  - Method: Mailing with remit enclosure; follow-up articles in newsletter; phone calls to previous donors who haven't made a gift by May 15.

#### IV. CULTIVATION STRATEGIES

The purpose of cultivation is:

- a. To add prospects to our donor base and develop them to become active supporters and regular donors
- b. To improve relationships with current volunteers, donors, area alumnae, chapter alumnae and parents to build a greater understanding of how they can help our CHC achieve its mission.

Donor and volunteer recognition are critical to the cultivation process. Cultivation needs to be discussed regularly among the CHC Fundraising Team. Encourage all CHC members to be a part of the cultivation process.

- a. Open House
  - Time: Twice per year:  
Fall – around Homecoming  
Spring – around Founders' Day or graduation
  - Goal: Tour of the house for alumnae and parents
  - Method: Invite via newsletters, chapter communications, personal phone call
- b. Communications
  - Holiday Card: Work with chapter to send a holiday greeting to alumnae (not a solicitation)
  - Newsletter: 3x per year. Distribute to chapter alumnae and local area alumnae. Provide updates on chapter members, house improvements, upcoming events, etc.

#### V. Monitoring Development Plan and Process

- a. Fundraising Team should meet at minimum four times per year to review plan and success
- b. Track and review statistics of fall and spring solicitations. Did we see an increase in the number of donors from the previous year?
- c. Track and review personal solicitation plan. Did prospects respond well? Did we see an increase in the amount of support?
- d. Attendance at events: Did we add names to our mailing list?

VI. Development Calendar

July	Review plan Draft first newsletter (include date for first Open House)
August	Mail first newsletter Draft fall solicitation letter Determine prospects for personal solicitations
September	Mail fall solicitation letter Begin personal solicitations
October	Open House Continue personal solicitations Draft second newsletter
November	Continue personal solicitations Follow up thank you letters from Open House
December	Phone calls for non respondents from fall direct mail Continue personal solicitations
January	Draft third newsletter
February	Begin working on spring direct mail
March	Mail third newsletter (include date for second Open House)
April	Mail spring solicitation letter Start planning FY13 development plan Host second Open House
May	Phone calls for non respondents from spring solicitation letter Review budget — are we on track? Begin year-end evaluation.
June	Finalize FY13 development plan

## **SELECTING FUNDRAISING COUNSEL**

There will come a time when most CHCs will need to consider professional fundraising counsel. A list of available national vendors who most commonly provide counsel for Greek housing is provided in this guide. But what's the process for finding the right fit? Below are some suggestions that may be helpful:

- Assign a point person — one, never more than two — to contact the fundraising firms that provide you information. Keep communication clean and simple. The full CHC board can read and hear proposals, and make the ultimate decision, but keep communication lines as simple as possible.
- Don't proceed down the path of beginning a project — signing contracts, etc. — without securing a fundraising firm. Good campaigns need lead time and you never, ever want to try and raise funds after progress has started on the project.
- The national firms we have listed are very good, but don't automatically eliminate local fundraising counsel from consideration. Depending on the scope of the project, local fundraising counsel could be just as effective and likely would cost less.
- Seek fundraising counsel who are an appropriate match for the size and scope of your project. Pi Beta Phi Foundation is happy to help guide you if you are considering a smaller campaign (under \$250,000). At that dollar level, you may find counsel cost prohibitive.
- You may or may not wish to do something as formal as a Request for Proposals, but even if you don't, it's a good idea to contact several different firms. Look for a firm that is a good fit for your CHC in terms of their resources as well as personalities of all involved. Is the chemistry right?
- Be prepared to provide answers to the following questions:
  - How much do you want to raise?
  - Do you think you have sufficient volunteers available to you? If so, gather brief biographical information about each person's fundraising experiences and personal contacts, along with an assessment of their willingness to help.
  - Do you think you have sufficient donor prospects available to you? If so, have a list available (prominent alumnae, past donors, etc.)
  - What is your timetable for raising the funds?
  - What is your chapter's reputation on campus, in your community, within Pi Phi? Have any chapter problems (especially the kind that land on the front page of the local paper) been addressed?
  - What have you been doing to friendraise and build connections with alumnae?
  - What were the results of your past fundraising efforts? What results are you expecting from your current efforts?
  - What other significant fundraising activities are planned or underway on your campus? In your community?
  - What do you expect from the fundraising counsel?
  - Have other NPC chapters on campus experienced success? Which ones??

## **THE RESPONSIBILITIES OF A FUNDRAISING COMMITTEE**

### **PURPOSE**

The purpose of the Fundraising Committee is to lead the fundraising efforts on behalf of the Chapter House Corporation (CHC). The Fundraising Committee may be further divided into sub-committees that work together to achieve this goal.

### **DUTIES AND RESPONSIBILITIES**

- Work with the CHC board to define the short-term and long-term needs of the CHC. Once these needs have been fully identified by the CHC, the Fundraising Committee can then begin to formulate a fundraising plan.
- Develop, execute and provide ongoing review of a Development Plan to ensure progress toward annual and long-range funding goals.
- Identify and recruit Fundraising Committee members.
- Contribute financial support and encourage others to do so.
- Educate the CHC board on the best fundraising techniques to secure their long-term needs.
- Work to ensure a long-term plan of fundraising is implemented and maintained regardless of any fundraising effort.
- Encourage the participation of the full CHC board in fundraising.
- Manage fundraising counsel or other vendors to assist in fundraising efforts.

Tip:

*The Fraternity can search on its member database for chapter alumnae who may be experienced in certain professional fields, such as finance or communications, in order to assist you in recruiting volunteers to your Fundraising Committee. Contact Amy Klostermann at [amy@piibetaphi.org](mailto:amy@piibetaphi.org) or (636) 256-0680.*



## **Educational Area Grant Program FAQs**

### **What is an EAGP?**

An EAGP agreement is a mechanism that allows Pi Beta Phi Foundation to be the conduit for charitable gifts in support of a Chapter House Corporation (CHC) capital campaign or project. Before the EAGP concept was developed, the only means of soliciting charitable dollars for a chapter house's capital project was to partner with and channel charitable gifts through the University. EAGP provides an alternative for chapters where University partnership is not an option or where the Chapter desires to retain complete control over all aspect of their capital campaign project.

### **What if we're not doing a full-fledged capital project and campaign? Can we still go through the Foundation to be able to accept charitable gifts?**

In the absence of a specific capital project and campaign, a Chapter House Improvement Program Fund is the better option. Contact the Foundation for more details.

### **Can my CHC do an EAGP with the Foundation?**

The primary partner for an EAGP agreement with the Foundation is a Chapter House Corporation who owns their chapter house. For chapter's where the house and/or land is owned in whole or in part by the university, an EAGP agreement is still technically viable although special considerations will apply.

### **Will we still need fundraising counsel?**

If your plan included fundraising counsel before an EAGP agreement, you will still need fundraising counsel with an EAGP agreement. The EAGP agreement is a mechanism by which you can improve your fundraising success; it is no substitute for the highly structured formula and time-tested approaches utilized in capital project fundraising. This is not an instance where you want to send a letter and hope the dollars come through for your important project. We have a short list of reputable vendors who can provide outside fundraising counsel; this is particularly appropriate for campaigns with fundraising goals of \$300,000 or more. Pi Beta Phi Foundation is also available on a limited basis to provide specific campaign support for smaller projects.

### **What do we need to do to get started?**

Basically, CHC would need to:

1. Put together a short written document that outlines the scope of the project, the campaign goal and the planned fundraising activities to achieve the campaign goal, including whether or not outside fundraising counsel will be used or if the CHC would like the Foundation to provide basic fundraising counsel. Some reasonable estimate of what the qualifying percentage of the project is expected to be should be included, as well. Based on these factors, the Foundation will give a written response as to whether an EAGP agreement is feasible.
2. Once both the Foundation and the CHC have agreed an EAGP partnership is desired, then the CHC would need to pull together required documents and begin working with architects to determine a qualified percentage of the project.

### **What kind of documents do you need?**

In order for the Foundation to enter into an EAGP partnership with a Chapter House Corporation, the CHC must supply:

1. Architectural plans with rooms identified on the plans;
2. Square footages of each room and each floor, with supporting areas (stairs, hallways, etc.) broken out separately;
3. Short narrative description of the use of each room believed to be educational in nature and its furnishings;
4. Construction budget with basic categories of expenses, and separate budgets for each of the furniture and fixtures in the educational rooms, fire safety equipment for the educational areas, computer wiring throughout the house and desks, desk chairs and computers located in any room;
5. Percentage of campus that is Greek and percentage that lives in chapter houses (should be available from the university Office of Student Affairs or Office of Greek Life, etc);
6. Official names of chapter, house corporation and university;
7. Determination letter from the IRS recognizing the house corporation to be exempt under Code Sections 501(c)(7) or 501(c)(2);
8. Letter from appropriate University official supporting the project. (sample available)

Additionally, it is strongly recommended that the CHC obtain its own independent review of the architectural plans to determine the maximum qualified educational percentage. There are various legal and accounting firms who could perform this service. Legal counsel would also be able to represent the CHC in the execution of the EAGP agreement in the rare event a conflict of interest would arise. Upon request, the Foundation has a short list of reputable firms it can provide to the CHC; this does not constitute an endorsement of these firms in any way and CHC should exercise all due diligence in securing outside counsel.

Regardless of whether the CHC secures outside counsel, the rationale and approach taken in calculating the qualifying educational percentage of the project is subject to review and acceptance by the Foundation and its representatives.

### **What does the agreement say?**

Basically the agreement lays out the legal limitations of the EAGP partnership. In order to meet our legal obligations, the Foundation must exercise due diligence to ensure the improvements to educational areas funded by tax-deductible donations does not change over time. The CHC and the Chapter have an ongoing responsibility to ensure and certify that the use has remained educational. Additionally, due to the legal requirement to segregate funds raised for charitable purposes, there are accounting requirements for all three entities that must be met.

### **Who signs the agreement?**

Representatives of the Foundation, the Chapter House Corporation, and the chapter will need to sign the EAGP Agreement. Each entity has responsibilities to the other that are clearly outlined in the agreement.

### **How much does this cost?**

The Foundation has a tiered cost structure in place in order to be flexible in meeting the needs of your project:

- Two percent baseline fee for EAGP program administration of funds and gift acknowledgement processing (no recurring credit card or pledge payment support);
- (Optional) two percent additional fee to administer recurring credit card gifts and pledge administration;
- (Optional) four percent minimum additional fee to provide campaign counsel and advice, including direct mail and print materials development.

Your CHC would have no out-of-pocket costs for an EAGP agreement through the Foundation. Fees are charged against gifts and pledged received. Final EAGP costs would be detailed and mutually agreed upon in the finished EAGP agreement that is executed.

### **What accounting requirements should we know about?**

There are requirements for collecting donations, disbursing grant proceeds, and follow-up reporting.

They are:

#### **Collecting Donations**

1. Donors will make checks payable to Pi Beta Phi Foundation and notate on the check and on any accompanying documentation that the gift is in support of the specific EAGP project.
2. For those CHCs who elect to process credit cards through the EAGP agreement with the Foundation, please note we can accept MasterCard, VISA, Discover and American Express. Please be aware that in addition to the card number, expiration date and cardholder's name, the CVV code (three digit code on signature panel) is required to process a credit card gift. We now have the capacity to offer the ability to make credit card gifts via the Foundation website.
3. Within one week of receipt of the gift, gifts should be batched and mailed with a Batch Cover Sheet form to the Foundation. Acknowledgements will be generated within one week of receipt.
4. The Foundation office will provide copies of all acknowledgements to the CHC upon request.
5. Should the project have any donors who wish to make their gift with appreciated securities or via IRA Rollover, please contact the Foundation office for details on how to handle the transaction. The same acknowledgement process will apply.

#### **Receiving Grant Proceeds**

1. The Foundation will establish a Temporarily Restricted Fund specifically for this CHC project. All donations and expenditures related to this project will be handled through this fund.
2. The CHC will be required to establish a separate checking account in which to deposit all grant funds disbursed for the purposes of this project, and to keep detailed documentation of all expenditures related to the EAGP project.
3. If the CHC disburses any EAGP funds directly to the chapter, then the chapter is also required to establish a separate chapter account established for educational purposes and keep detailed documentation of any expenditures related to this project.
4. The CHC may request reimbursement of eligible expenses as defined by the EAGP document on a monthly, quarterly, or semiannual basis by completing a Request for Disbursement form.
5. The Foundation will make reimbursements directly to the CHC. The Foundation is unable to pay any third party vendor directly.
6. In the event the reimbursement request exceeds the available funds in the EAGP Temporarily Restricted Fund, the Foundation reserves the right to limit the amount of reimbursement to the amount of available funds.
7. The reimbursement process requires only copies of the invoices for which the CHC is requesting reimbursement. However, the CHC will have agreed via the EAGP document to maintain detailed records, i.e. record of payment, inspections related to completed work, shipping/delivery receipts, etc., and make them available to the Foundation upon request. This obligation extends to the chapter as well, should the House Corporation distribute EAGP funds to the chapter directly.
8. The Foundation's sales tax exemption letter cannot be used for expenditures for an EAGP project, however, any sales tax expenses incurred by the CHC, associated with an eligible expense as defined by the EAGP document, are eligible for reimbursement at the percentage outlined in the EAGP document.

**Follow-Up Reporting**

1. The Foundation will provide to the CHC, on a monthly or quarterly basis as volume dictates and both parties mutually agree upon, a Statement of Activity for the Temporarily Restricted Fund that will show all debits and credits.
2. During the project, the CHC will provide a semi-annual report (Use of Fund Report form) documenting the use of grant funds disbursed.
3. Ongoing after project completion, the CHC will provide an annual report (Educational Use Certification form) documenting the continued educational use of the constructed areas.
4. Please note the CHC does have an obligation to report any significant modifications to the architectural plans/structure for this project to the Foundation, either during the project or after completion.

**In Summary**

An Educational Area Grant Program agreement executed between your CHC and Pi Beta Phi Foundation can be an effective and useful tool to raise charitable gifts to support your housing project. Within the parameters of our limited staff resources, the Foundation hopes to support the efforts of your CHC to improve housing for your chapter members. We encourage a full and robust discussion of all the considerations, and are happy to answer any questions or concerns.

## **Chapter House Improvement Program Fund FAQs**

### **What is a CHIP?**

A CHIP Fund will allow chapter alumnae to make tax-deductible contributions in support of their chapter and provide a fund which CHCs can access to fund qualified improvements to the chapter house.

### **How does CHIP work with EAGP (Educational Area Grant Program) that the Foundation also offers?**

The CHIP Fund is meant to supplement the Educational Area Grant Program also offered by the Foundation, not replace it. EAGP is the appropriate mechanism for chapters wishing to conduct capital campaigns to fund major house improvements. CHIP is the appropriate mechanism for ongoing alumnae support, outside of capital campaign efforts, that can be used for appropriate, qualified educational house improvements and other qualified house corporation expenditures.

### **Could we do both?**

We see the CHIP program as a natural continuation of the EAGP program, so yes. If your CHC was to have an EAGP agreement to complete a major campaign, remaining funds and ongoing donations could be used to establish a CHIP for ongoing qualified expenditures.

### **Do we have to do an EAGP to have a CHIP?**

No. A CHIP is available to any Chapter House Corporation that has qualified educational expenses, regardless of whether they own a house or lease a location.

### **What do we need to do to get started?**

A CHIP Fund can be established with any initial gift and/or pledge of \$10,000 or more. Any individual, chapter or Chapter House Corporation can establish a CHIP Fund. The Foundation will need proof of the CHC's tax exempt status, usually through a copy of the IRS determination letter relating to the house corporation, in order to establish a CHIP Fund. Once a copy is on file, the Foundation will issue the donor an acknowledgement that a CHIP fund has been established with their gift and the CHC will be notified.

### **Who can donate to a CHIP Fund?**

Once your CHIP Fund has been established, ANYONE can make a donation to it: chapter alumna, CHC volunteers and parents. Anyone can make a gift to a CHIP Fund and in any amount. The Foundation will also accept pledges of up to three years for gifts of a \$1,000 or more.

Also, the Foundation will be able to accept gifts of appreciated securities, IRA rollovers, and planned gifts designated to your chapter's CHIP Fund.

While the Foundation is not in a position to actively solicit funds for every chapter establishing a CHIP Fund, we will make every effort to connect interested donors with a CHIP fund.

### **Can we fundraise for our CHIP Fund?**

Yes, but all CHC efforts to fundraise that include soliciting contributions for their CHIP fund must be conducted with the prior approval of and in concert with the Foundation.

### **What can the CHC use the money for?**

In July 2001, the National Office of the Internal Revenue Service established guidelines for approving housing grants from fraternity foundation. Pursuant to these guidelines, the IRS approved grants for the construction or renovation of space in a local chapter house that is used exclusively for educational purposes (except for minor social or recreational use), provided that the benefit is similar to those provided by the specific college or university for the education of the general student body.

Examples of educational grants would be for dedicated study, library, computer and instructional areas of a chapter house that are similar to those provided for the general student body by the university, and items in these areas such as computers, computer desks and computer chairs. A computer, desk and chair may also be provided in the student room, provided the Chapter House Corporation retains ownership of these items. Furthermore, if the college dormitories are wired for computer use, it would further educational purposes for a fraternity foundation to provide funding to wire a fraternity house. Finally, grants can be made for annual operating expenses (insurance, utilities and similar items) relating to dedicated educational areas as well as for the installation of fire alarms, smoke detectors and internal sprinkler systems for dedicated educational areas. Any reasonable allocation may be used for determining educational space in the fraternity house.

The IRS has issued rulings approving such grants, including funding for the following types of educational areas:

- ✓ Study rooms or study areas
- ✓ Libraries
- ✓ Computer rooms
- ✓ Leadership training rooms
- ✓ Audio visual rooms
- ✓ Furniture and equipment for educational areas
- ✓ Operating fund for educational areas
- ✓ Computers, desks and chairs in rooms

No areas improved with CHIP Funds shall be used for any purpose other than educational purposes, except for minor social and recreational use such as an occasional reception.

### **How does the CHC access their CHIP Fund?**

First, the CHC must agree to deposit all grant funds in a separate fund and to maintain its books and records in such a way that such grant funds will be shown separately on the CHC's books. A separate checking account, money market account, or if your bookkeeping system is set up to handle fund accounting, a designated fund will do.

Then, to access funds from a Chapter House Improvement Fund, CHCs should complete a Chapter House Improvement Fund Grant Request form and submit the completed form along with copies of supporting materials. A few things to remember about requesting reimbursement:

1. Requests for CHIP Fund reimbursements should be made ideally no more frequently than quarterly in order to reduce paperwork and reporting requirements.
2. The Foundation will make reimbursements directly to the CHC; the Foundation is unable to pay any third party vendor directly.
3. In addition to meeting eligibility criteria for qualified expenditure, reimbursements may be limited by the funds available in the CHIP Fund.
4. Upon receipt of request for reimbursement, the Foundation will make a determination as to the approved amount for reimbursement within 10 days and will issue payment within 21 days.

### **What accounting and follow-up reporting requirements should we know about?**

Well, because we're dealing with IRS rules around charitable gifts and its use, you know there will be a few! We've tried to streamline as much as possible and all forms required are brief, one-page forms certifying the use is/has remained educational. The accounting requirements are:

1. As mentioned previously, the IRS does require a separate fund be established within the CHC for CHIP funds. The CHC must agree to deposit all grant funds in a separate fund and to maintain its books and records in such a way that such grant funds will be shown separately on the CHC's books;
2. Within 90 days of completion of work related to any disbursement of CHIP Funds and yearly thereafter, the CHC will submit an Educational Use Certification form;
3. The CHC and the chapter shall cooperate with, and provide access to the premises to, representatives of the Foundation should they make periodic visits and inspections to monitor the use of the educational areas;
4. While the distribution request form only requests copies of applicable invoices, the CHC by virtue of accepting CHIP funds agrees to maintain detailed records, i.e. record of payment, inspections related to completed work, shipping/delivery receipts, etc. and make them available to the Foundation or its representatives upon request;
5. The CHC cannot borrow additional funds for future improvements to the related educational areas improved via CHIP Funds without first obtaining written consent from the Foundation.

### **What does this cost?**

It costs the CHC nothing for the Foundation to maintain a CHIP Fund. Gifts to CHIP Funds will be assessed a four percent Friendship Fund fee upon receipt to offset gift administration and overhead costs. Any ongoing CHIP Fund balances as of fiscal year end (June 30) are subject to the same administrative fee structure to which other restricted funds at the Foundation are subject, currently at two percent of income, to offset ongoing financial management costs.

### **In Summary**

The CHIP Fund is a new initiative by which the Foundation can connect alumnae and other interested donors wishing to support their chapter houses with the CHCs and their need for funds for qualified educational expenditures. Until tax law changes and we no longer have stringent requirements around what we may and may not use charitable gifts for within our chapter houses, a CHIP Fund can help meet the needs of both donors and CHCs. Foundation representatives are happy to meet with your CHC representatives to answer any questions.

## SAMPLE DISBURSEMENT REQUEST

Date: \_\_\_\_\_ Chapter: \_\_\_\_\_

Name: \_\_\_\_\_ Email: \_\_\_\_\_

Daytime Phone: \_\_\_\_\_

QUALIFIED EDUCATION IMPROVEMENTS/EXPENSES*			
PAYEE NAME	Invoice Amount	Indicate 100% if fully educational, or indicate portion thereof**:	Amount of Reimbursement Requested
<b>TOTAL AMOUNT REIMBURSEMENT REQUESTED</b>			\$

COPIES OF ALL INVOICES MUST ACCOMPANY THIS REQUEST

*\*Final determination about what constitutes a qualified expense rests with the Foundation and is subject to our good-faith interpretation of current IRS guidelines.*

*\*\*If requesting reimbursement for an expense item that is partially qualified and partially unqualified (i.e. non-educational in nature), building or floor plans or other written verification of the rationale for allocation must be included.*

I verify that I am a duly authorized representative of the \_\_\_\_\_ Chapter House Corporation and that all expenses for which I am requesting reimbursement are within the guidelines set forth in the Chapter House Improvement Program of Pi Beta Phi Foundation.

I understand we will be required to reaffirm annually that the chapter house areas improved/renovated with these funds have remained designated for educational use. Should the purposes of these renovated areas change, i.e. no longer be educational in nature, the \_\_\_\_\_ Chapter House Corporation is required to repay any Foundation grant funds disbursed.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**SAMPLE**  
**GRANT REQUEST EDUCATIONAL USE CERTIFICATION**  
To be filed upon initial request for disbursement and annually thereafter.

Date: \_\_\_\_\_ Chapter: \_\_\_\_\_  
Name: \_\_\_\_\_ Email: \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_

I verify that I am a duly authorized representative of \_\_\_\_\_ Chapter House Corporation, and I certify that the areas of the \_\_\_\_\_ Chapter house renovated with funds provided for by the Chapter House Improvement Program of Pi Beta Phi Foundation remain designated for educational use only as defined in the Chapter House Improvement Program overview.

I understand that should the purposes of these renovated areas change, i.e. no longer be educational in nature, the \_\_\_\_\_ Chapter House Corporation is required to repay any Foundation grant funds disbursed.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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