Fundraising & Name Recognition

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AGENDA

1. What is Donor Recognition?

2. Name Recognition – Key Issues

3. Name Recognition – Risk Management
   a) Donor Due Diligence
   b) Naming Policy/Naming Agreement
   c) Working with Your Foundation
WHAT IS DONOR RECOGNITION?

• Donor acknowledgement

• Ranges from activities that are automatic organizational responses to giving to those undertaken with the involvement of donors

• Examples of recognition:
  – Honor roll – categorize donors according to level of giving
  – Publication of donor profile – newsletters, annual reports, press releases
  – Name recognition – physical recognition of gift
NAME RECOGNITION – KEY ISSUES

• Who has authority to grant a naming right
• When will the naming right be conferred
• Duration of naming right
• Ability to address future circumstances and conduct of the donor
NAME RECOGNITION – KEY ISSUES
Who Has Authority to Grant a Naming Right?

• Name recognition conferred in relation to an asset (buildings, departments, rooms, equipment) requires the approval of the owner of the asset

• Consider regulatory requirements
NAME RECOGNITION – KEY ISSUES
When Will the Naming Right be Conferred?

- Will the donation be a lump sum or given gradually over a period of time?
- Consider whether donor should deliver the full or a substantial portion of the gift prior to receiving recognition.
- What happens if donor does not complete full pledged gift?
NAME RECOGNITION – KEY ISSUES
Duration of Naming Right

- Permanent - in perpetuity
- Time limited
NAME RECOGNITION – KEY ISSUES
Duration of Naming Right

• Importance of defining “in perpetuity”
  • “In perpetuity” not legally defined
  • Generally refers to life of the facility or structure
  • Consider situations where programs/services impact use of space, changes to facility, redevelopment/construction
  • Clarify duration of recognition with donor so there is no ambiguity
NAME RECOGNITION – KEY ISSUES
Addressing Future Circumstances and Donor Conduct

• Conduct of donor may be contrary to the mission, vision or values of your organization
• Political activities of donor may not be aligned with those of your organization
• Donor may in future be the subject of criminal charges, investigations or convictions
NAME RECOGNITION – KEY ISSUES
Addressing Future Circumstances and Donor Conduct

• No case law that specifically provides legal options for an organization if a donor becomes tainted

• If donor becomes tainted, will need to consider ability to:
  – Remove naming recognition
  – Return donation
  – Do nothing
NAME RECOGNITION – RISK MANAGEMENT

• Donor Due Diligence
• Naming Policy/Naming Agreement
• Working with Your Foundation
Mitigate risk by engaging in risk assessment of donor/donation prior to acceptance

- Financial capacity of donor
- Donor track record and reputation
- Potential risk of association with donor
NAME RECOGNITION – RISK MANAGEMENT
Naming Policy and Naming Agreement

• Naming Policy/Agreement used to:
  – Ensure consistency and efficiency in managing gifts
  – Manage donor expectations
  – Deal with “good money gone bad” situations
NAME RECOGNITION – RISK MANAGEMENT
Naming Policy and Naming Agreement

- Naming Policy should include details on:
  - Levels of gifts and recognition attributable to each level
  - Authority for approval of naming recognition – ultimate approval rests with organization whose physical space is being named
  - Eligible gifts and timing of payment
  - Protocol for agreeing to/conferring the naming recognition, including the specific name to be used, nature of signage and location
  - Duration of naming right, including a specific definition for “in perpetuity” if it applies
NAME RECOGNITION – RISK MANAGEMENT
Naming Policy and Naming Agreement

- Naming Policy should include details on:
  - Authority to terminate the naming in the event of future circumstances that are adverse to the interests of the organization, for example, criminal charges, investigation or conviction of donor
  - Terms relating to any obligations relating to a gift if naming is revoked (un-naming)

- Absent the retention of “un-naming” rights, removal of donor’s name may not be simple
NAME RECOGNITION – RISK MANAGEMENT
Naming Policy and Naming Agreement

• Set expectations of the donor at the time of the donation
• Naming Agreement is the document through which the donor agrees with the terms and conditions of the gift
• Ensure that the Naming Agreement dovetails and incorporates by reference the terms of the Naming Policy
NAME RECOGNITION – RISK MANAGEMENT
Working with Your Foundation

- Need to achieve clarity on roles and responsibilities
- Establish consistency in donor communication and recognition
- Specify authority and approval required to accept gifts and confer recognition
- Consider Memorandum of Understanding (MOU) or joint policy
Granting a naming opportunity to a donor is seen as an honor and can bring great publicity and momentum to a fundraising campaign.

Complete due diligence on the donor if planning to confer a naming recognition to ensure that values of the organization and the donor align.

Ensure that Naming Policy addresses the relevant risk considerations for the organization, such as removal of naming rights due to future circumstances or conduct of the donor.

Consistently apply legally binding Naming Agreement with donors of major gifts.

Establish joint terms/protocol for donor recognition when engaging in fundraising with third parties.
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