



Best Practice in Gift Acknowledgment

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Category: Donor Relations & Stewardship

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Description of Practice:

Timely, accurate 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 set the stage for ongoing strategic communication about a donor's gift that will deepen his/her connection with your organization.

Acknowledgments create trust and transparency for our donors. The Donor Bill of Rights notes the right of donors to receive appropriate acknowledgment recognition (#5), and to be assured that their gifts will be used for the purposes for which they were given (#4).

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

Prospective Users of Practice:

- Donor relations and stewardship professionals
- Advancement services professionals
- Organizational volunteers
- Fundraisers
- Development leadership

Issues Addressed:

- **Tax Receipts vs. Acknowledgments:** Defining tax receipts and acknowledgments and the role of each piece of correspondence.
- **Acknowledgment Policies:** Definition and role of an acknowledgment policy.
- **Acknowledgment Processes:** Rationale for designing an appropriate and well-functioning process to produce acknowledgments.
- **Acknowledgment Timing:** The appropriate duration of time between when a gift is received and acknowledged.
- **Acknowledgment Signatories:** Determining the appropriate signatory for acknowledgments.
- **Acknowledgment Salutations:** Systematizing use of salutations that are appropriate for letter signatories.
- **Customizing Acknowledgments:** Creating meaningful acknowledgments by customizing them to the donor and the gift.
- **Memorial and Honorific Gifts:** 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 or friends of those being memorialized.
- **Additional Ways to Say “Thank You”:** Supplementing letters by delivering the “thank you” message through different mediums and venues.

Desired Outcome:

Donor relations and stewardship professionals understand the best practices related to designing and implementing a system to provide donors with timely and meaningful “thank yous” or acknowledgments.

Process:

Issue One: Tax Receipts vs. Acknowledgments

Issue Addressed: Defining tax receipts and acknowledgments and the role of each piece of correspondence.

Recommendations: Organizations must comply with IRS regulations for providing donors with documentation of receipt of their charitable donations (tax receipts). It is also a best practice to send a separate thank you letter(s) (acknowledgment) to donors to express the organization's gratitude.

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 tax receipts for donations.
2. Due to the importance of IRS requirements both for the donor and the nonprofit organization, all gifts should be processed by a central office or team that is also responsible for issuing tax receipts. Centralized production will ensure standardized receipts that comply with legal requirements as well as full accountability for providing them.
3. Donor relations/stewardship professionals should be included in drafting and regularly reviewing and updating tax receipt language.
4. Delivery of tax receipts should reflect the donor's way of giving. For example, online donations can be receipted by email, while mailed donations receive hard copy receipts via the postal service.
5. Acknowledgments are most often sent separately from tax receipts. They may be sent from a central office and/or from other departments and program areas.
6. Acknowledgments, when sent separately from tax receipts, should not contain IRS compliance-related language such as confirming that no goods or services were received in return for a donation. If your organization uses one mailing as both the receipt and acknowledgment, include tax receipt language as a footer or on a separate page so as to prevent it from distracting from the message of the acknowledgment.
7. Though resources may not allow for it, you may exceed legal requirements by sending tax receipts for gifts of any amount. Again, refer to <http://www.irs.gov/pub/irs-pdf/p1771.pdf> for minimum gift amount/payroll deduction criteria. Although issuing a receipt is not legally required for all gift amounts, many donors believe it is.

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

Issue Two: Acknowledgment Policies

Issue Addressed: Definition and role of an acknowledgment policy.

Recommendations: An acknowledgment policy is necessary to establish your organization's standards and framework for acknowledging contributions and affirm its commitment to thanking donors.

Recommendation details:

1. Donor relations/stewardship professionals should take the lead in creating an organization's acknowledgment policy. These individuals should also lead the regular review and update of this policy and participate in disseminating the final policy to internal stakeholders.
2. Partners in creating this policy include Operations or Advancement Services leaders as well as other leaders and volunteers whose buy-in is important to the visibility and success of the acknowledgment program.
3. The policy should represent an organizational endorsement of a high standard of acknowledgment and elevation of acknowledgment as an institutional priority.
4. The policy should include (but is not limited to):
 - a) Dollar thresholds (what giving levels will receive acknowledgments and from what levels of leadership)
 - b) Turnaround time between receipt of gift and delivery of acknowledgment
 - c) Roles and responsibilities of staff involved in the acknowledgment process
 - d) Procedures for recording all acknowledgment activity in the donor database and for filing hard copies or digital copies of thank you letters and/or notes.
5. The policy should be easily accessible to all Advancement and Development staff, and staff should be encouraged to refer to it continually to ensure adherence to standards.
6. Depending on its general practices related to policies, an organization may make its policy publicly available to demonstrate that acknowledgments are a priority, or selectively share its policy with donors for their input.
7. Board endorsement of an acknowledgment policy can help ensure that board members are familiar with acknowledgment standards and lay the groundwork for their engagement as signatories or in other aspects of an acknowledgment program.

Issue Three: Acknowledgment Processes

Issue Addressed: Rationale for designing an appropriate and well-functioning process to produce acknowledgments.

Recommendations: Organizations should 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:

1. 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 8 of this document); they should also encompass acknowledgment phone calls for gifts of certain levels (as low a threshold as an organization can accommodate).

2. In larger organizations, the management of an acknowledgment process and the delivery of the resulting thank you letters may be centralized or organized by unit or division.
3. There may be multiple processes, with donors receiving acknowledgments from both the central office and units; however, the donor relations/stewardship professional or department should be aware of all acknowledgment processes.
4. With awareness of processes, the donor relations/stewardship professional or department can provide best practices, encourage resource sharing, identify gaps and step in as needed to ensure that all gifts are being acknowledged.
5. The donor relations/stewardship department should ensure that all staff involved in the acknowledgment process are familiar with the process details and understand the individual role they play in carrying out the process. This includes gift officers or fundraisers, development and recordkeeping staff, program or unit leaders and organizational leadership or executive staff.

Issue Four: Acknowledgment Timing

Issue Addressed: The importance of turnaround time in sending acknowledgments, and the appropriate duration of time between when a gift is received and acknowledged.

Recommendations: Organizations should aim to promptly acknowledge donor gifts, as this practice contributes to donors' satisfaction and helps to build strong relationships between the donors and the organization and its leadership.

Recommendation details:

1. A turnaround goal should be established as part of an acknowledgment process.
2. Thank you letters should be ready for mailing within 72 hours of receiving a gift.
3. In those instances where this turnaround timeframe is not possible (such as when more information or follow-up with the donor is required or when the signatory is out of the office for a length of time), organizations should have a back-up procedure in place. Examples:
 - a) Thank you phone calls or emails to the donor while follow up is underway, or using alternate signatories, electronic signatures or auto-pen machines in the absence of a signatory.
 - b) A thank you or impact statement that is mailed with the receipt separately from the personalized letter or an automatic reply sent by email that includes a thank you video.
4. Email or video acknowledgments can also be incorporated into the acknowledgment program as a supplement to letters.

Issue Five: Acknowledgment Signatories

Issue Addressed: Determining the appropriate signatory for acknowledgments.

Recommendations: The individual signing an acknowledgment letter should be at an appropriate leadership level for the amount of the gift and/or the donor's relationship with the organization.

Recommendation details:

1. Appropriate signatories of acknowledgments include:
 - a) Development, program officer or volunteer who was instrumental in securing the gift and can convey genuine thanks.
 - b) An organizational staff leader or board member who speaks with authority about the importance of the donor's investments to the organization's mission.
 - c) 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. If not used as signatories, stories of these individuals should be incorporated into materials whenever possible.
 - d) If need be, a donor relations/stewardship manager can sign letters, representing the organization's stewardship function.
2. The importance of "major" gifts for an organization – which vary in amount based on the organization – merit acknowledgment by the organization's top executive(s) in addition to any other signatory.
 - a) At smaller organizations, the CEO may sign acknowledgments of gifts at all levels. In these cases, consider having board members or key volunteers sign letters for subsequent gifts from a donor, so they can hear from a range of voices at the organization.
3. Acknowledgments should identify a main contact person for the donor if they have questions about their gift. This does not have to be the signatory.
4. Additional thank you letters, emails or phone calls can come from as many staff or students as appropriate to the donor's gift size and/or designation.

Issue Six: Acknowledgment Salutations

Issue Addressed: Systematizing use of salutations that are appropriate to a letter's signatory.

Recommendations: Salutations should be 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 (for the acknowledgment writer):

1. Discuss salutation preferences with the signatory. For example, first name salutations can be used for entire categories of constituents, if the signatory is comfortable with that.
2. The signatory can also review a list of potential first-name signatories line by line and indicate their preference for formal or first name/nickname salutations. Some signatories may prefer letters with formal names struck out and first names penned in, for a casual, personalized approach.

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 the principal's first-name salutations take precedence over formal salutations.
5. Immediately update first name salutations you receive from the signatory in your database.
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.

Issue Seven: Customizing Acknowledgments

Issue addressed: Creating meaningful acknowledgments by customizing them to the donor and the gift.

Recommendations: Thank you letters should be customized to acknowledge the relationship between the donor and the organization. Letters can follow a templated format that is modestly or significantly modified for each donor, or they can be drafted on an ad hoc basis in those instances where a highly personalized letter is appropriate.

Recommendation details:

1. Refer to information in your donor database. 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.
2. Always log and follow a donor's specific instructions about recognizing a gift.
3. Three indicators that a letter should be tailored:
 - a) 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.
 - b) Gift timing or habit: Thank you letters can be tailored for first time or loyal contributors or to celebrate the completion of a pledge. This 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.
 - c) Gift designation: If a gift is designated for a particular purpose, the thank you letter should include the designation so the donor knows their intentions will be met. The letter can be further tailored with information about the work supported and the impact of the donor's philanthropy.
4. Recommendations for designing an acknowledgment letter process that relies on tailoring templates:
 - a) Review and update templates on a regular basis so they reflect the signatory's voice and what is current at your organization.

- b) Templates may be general, reflecting an institution-wide message, or there may be resources for the production of templates by area of gift.
 - c) Templates for gifts from specific appeals are drafted by the department that made the solicitation, whether by letter, phone or personal ask. The acknowledgment template is to be prepared and ready before the first gift is expected to be received.
 - d) Develop templates with placeholders for gift-relevant paragraphs that further customize the letters.
 - e) Data on gifts received should be delivered daily in a format that can merge with the template. Include data fields that are not going to appear in the letter but are nonetheless essential to knowing whether special language is required (such as whether the donor is a faculty member).
 - f) Flag gifts that are “special cases” including but not limited to letters for VIPs, first-time or loyal donors, new funds or gift increases in order to determine if letters should be upgraded, altered substantially or not sent.
 - g) Where possible, offer the signatory an opportunity to provide any customizations to the letters before they are signed. This can be done by sending a weekly, bi-weekly or even daily list of gifts and asking for any required customization.
 - h) Correct all incorrect data at the source.
 - i) Have at least one second pair of eyes conduct a final proofread of all letters.
 - j) 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.
 - k) Before mailing a letter, make copies for digital and/or paper-based records. File the letter before mailing. This provides a final double-check that the same letter has not already been sent.
 - l) Keep scrupulous records of which letters were sent and when. Capture this information in your database so it is visible to all development staff.
5. 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.
6. A highly personalized acknowledgment letter should combine deep awareness of the signatory’s voice and the right amount of personal detail.
- a) The letter writer should be flexible and perceptive. The letter should read as if it was written effortlessly, from the heart, by the signatory.
 - b) Speeches, writings and introductions by the signatory, institution-wide publications, departmental websites and finally descriptions of the gift or gesture should be used to form letter content.
 - c) Letter should be short and to the point. Executive-sized paper is recommended. First-class stamps may be used at the discretion of the sender if appropriate.

Issue Eight: 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 and/or friends of those being memorialized.

Recommendations: Include guidance for acknowledging memorial and honorific gifts in your organization's acknowledgment policy and procedures.

Recommendation details:

1. Acknowledgment procedures for honorific or memorial gifts should:
 - a) Ensure timely notification to honorees, family members and other key individuals.
 - b) Clearly define who has the responsibility for sending these notifications.
 - c) Outline the frequency for reporting gifts made to honorees, family members and other key individuals. For example, once a week for the first month, on a monthly basis for up to a year, and then on an annual basis.
2. Determine the appropriate recipient(s) of any reports summarizing the honorific or memorial gifts received.
3. Respect donor privacy in these reports by not providing the amounts that each donor contributed, but rather, overall totals.
4. If possible, for online gifts, use a system that enables automatic email notification that a gift has been made in honor or memory of someone. 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 other timely event.
5. Thank you letters should acknowledge donors' honorific or memorial contributions like any others to the organization as well as include language that the honoree or memorialized person's family or friends will receive notification that a gift has been made.
6. The organization should also thank honorees or family members and friends of the memorialized for directing gifts to the organization and acknowledge the impact these gifts will have.
7. Consider working with the honoree or memorialized individual's family/friends 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 can be incorporate into acknowledgment materials.

Issue Nine: Additional Ways to Say "Thank You"

Issue Addressed: Supplementing letters by delivering the "thank you" message through different mediums and venues.

Recommendations: It is important to look for additional and different ways to connect with and acknowledge an organization's donors in order to stay relevant and to inspire their continued loyalty.

Recommendation details:

1. Include in your acknowledgment processes phone 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; use this information to provide them with thoughtful tokens of thanks (if appropriate and in keeping with IRS quid pro quo guidelines).
3. Fit stewardship or “thank you” visits into planned development, leadership or volunteer travel; 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 communication preferences; ask them how they would like to hear from you. Gather their email addresses for future communications.
7. While email “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 email 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 accompany you on donor visits.
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 website or social media pages. Determine how to leverage these to acknowledge donors. For example, 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.

ADRP/AASP Recommendation:

Gift acknowledgment policies are a key part of donor stewardship. Policies should be drafted after solid thought and discussion has been given to the roles of all of an organization’s staff in the acknowledgment process. Updated policies should be part of an organization’s policy and procedures manuals and housed on a shared drive accessible for all Advancement and Development to view at any given time. Policies should be reviewed by a selected committee a minimum of once annually, a process which is led by the Donor Relations or Stewardship team.

Sample Letters:

Sample General Thank You Letter

<<Date>>

<<Company_Contact>>, <<Title>>

<<Donor>>

<<Street1>>

<<Street2>>

<<Street3>>

<<City>>, <<State>> <<Zip>>

Dear <<VP Salutation>>,

[University name] athletic programs have enjoyed amazing success; and with your continued support, we will no doubt celebrate many more victories – on the field, in the classroom and in life. Thank you for your generous gift of <<Gift Amount>> in support of the <<Designation/Fund_Name>>. We are grateful to have you as a donor and appreciate your investment in the university's future.

Your generous contribution allows hardworking student-athletes to develop discipline and leadership skills through training and competition, amidst a supportive community of teammates, coaches and faculty advisors. When these students pursue their academic and personal aspirations, [University name] becomes a better place. Your generosity moves us forward by providing leadership support to [University name] and its mission.

Go [team name]!

Sincerely,

Vice President

Sample Tribute/Memorial Gift Thank you Letter

<<Date>>

<<Donor>>

<<Street1>>

<<Street2>>

<<Street3>>

<<City>>, <<State>> <<Zip>>

Dear <<Salutation>>,

Thank you for your gift to support the <<Scholarship Name>> Scholarship at [University Name] School of Public Health in honor of <<Honoree's Name>>.

By establishing this fund, you honor <<Honoree's Name>> and fasten a connection between our award-winning faculty, ambitious students and the School's legacy as the premier school of public health. This scholarship is a meaningful way to recognize over <<number>> years of <<Honoree's name>>'s leadership, [his/her] enduring impact on faculty and students, and [his/her] astounding contributions to public health.

Your investment in our students, faculty and programs is extremely touching. Thank you, once again, for your commitment to the school.

Sincerely,

School Dean