

Fundraising for APS Honors Revised August 2021

Introduction

The American Physical Society (APS) is largely dependent upon and grateful for donations received from individuals (members and non-members), foundations, laboratories, corporations, and other institutions that fund APS-level honors and Unit-level awards. **APS Units are required to coordinate fundraising efforts with the APS Development Office to ensure alignment with institutional funding needs and priorities, as well as adherence to APS policies and procedures, fundraising industry best practices, and IRS guidelines for charitable contributions.**

Before a fundraising campaign is launched, Honors staff can assist with evaluating whether a Unit's proposal meets the current criteria for establishing a new honor. Based on the APS Prizes & Awards Committee review of all APS level prizes & awards in 2018, a number of guidelines were adopted that units have to adhere to when proposing the establishment of a new honor. Each APS unit can have (1) prize, (1) award and (1) early career award. Units that exceeded the limit were grandfathered in as exceptions, and the Committee can entertain requests for exceptions to the rule with proper justification. There also has to be a full review of any existing honors, to ensure they are still relevant and healthy both financially and in regard to diversity of nominations/recipients.

For more information about the establishment of an honor and the approval process, please email honors@aps.org.

The APS Development Office has created this overview to provide APS Units with an understanding of the Society's fundraising process. If you have any questions, please contact:

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The APS Development Staff

The Society acknowledges that volunteers have professional commitments, and Development can be a resource for helping volunteers efficiently manage their time as APS fundraising “ambassadors.” Development staff can assist throughout the gift cycle—identifying prospects, processing and reconciling gifts and pledges with APS Finance, recognizing and stewarding donors—through two funding mechanisms.

1. **Non-Endowed Honors** - The sum of the stipend, certificate, and/or travel expenses is paid in full annually or biennially by donors (in some instances, the sponsoring Unit may contribute a portion of the expenses); external donors are generally billed by the Development Office and Unit funds are transferred internally by APS Finance.

Note: There is no “corpus” that creates annual income to fund these.

2. **Endowed Honors** - Restricted donations are secured to establish an endowment that will fund an honor (including the stipend, certificate, travel expenses, as well as other direct honors costs) in perpetuity with investment income (see Endowments); the process entails Development staff coordinating with volunteers to:
 - a. Set a total fundraising goal equal to at least 30 x stipend to support the total honor in perpetuity
 - b. Develop a fundraising strategy (prospects, amounts, approaches, timing)
 - c. Research prospects and determine their capacity and inclination to give
 - d. Collaborate with Communications and IT to establish a web presence and create/distribute email solicitations to unit members
 - e. Collaborate with Communications to design printed materials (campaign letterhead, brochures, etc.)
 - f. Collaborate with APS Media to consider announcing when a unit achieves goal
 - g. Maintain prospect and donor records (pledges, outright gifts, revenue, contact information)
 - h. Process gifts together with APS Finance
 - i. Recognize donors (creating and sending acknowledgements, thank you notes, tax receipts; listing donors on the campaign webpage)
 - j. The annual or biennial honor will be funded through endowment earnings on the endowed corpus

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Endowments

An endowment ensures the ongoing financial health of an honor, in perpetuity, by generating interest to pay for honor expenses. Currently, APS has established this formula to ensure that an endowed fund has sufficient corpus to support the honor in perpetuity:

$$30 \times \text{Stipend} = \text{Endowment Fund}$$

Example: A stipend of \$10,000 would require an endowment of \$300,000. Presuming an average annual earning rate of at least 5%, the endowment would yield sufficient funds to support the award, travel, certificate and any other direct costs associated with the honor expenses.

In 2016, the APS Council approved recommendations of the *Report of the 2016 APS Prizes and Awards Task Force* to establish the following stipend minimums for honors. These minimums are required to establish endowments.

Types of APS-level Honors	Minimum Annual Stipend Per Recipient	Minimum Endowment Requirement
Prize	\$10,000	\$300,000
Award	\$5,000	\$150,000
Early Career	\$3,000	\$90,000
Dissertation	\$1,500	\$45,000

Based on these guidelines, and in line with current APS practices, Unit-level awards with stipends of less than \$1,500 per recipient will be funded from Unit operating revenue generated by APS meetings, dues allocations and/or accumulated Unit earnings. Unit level awards are not endowed but may be supplemented by annual philanthropic support. The APS Development staff will provide fundraising counsel to all Units. **However, given the increasing cost of administration, record keeping and compliance, the APS Development Department will only staff endowment fundraising campaigns for Council-approved APS Honors.**

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Timeframe for Awarding an Endowed Honor

Considering the timetable required for implementation, a new honor may be awarded within 12-18 months from the time the sum of outright gifts and pledges equals the full amount required for endowment. Before fundraising can begin, APS Council must have approved the new honor's proposal.

Donors will be advised if, in the unusual circumstance, a funding initiative falls short. If the fundraising goal is not reached within three years or pledge payments are not received within five years from the campaign launch (the date on which either the first outright gift or pledge is received by the Development Department), the respective Unit, in consultation with the donor(s) and the APS Committee on Prizes & Awards, shall have the discretion to direct the use of the funds, either to fund an already existing prize or award and/or a related activity—until the funds are fully utilized.

Donor Recognition

All donors—individuals (members and non-members) and sponsoring foundations, laboratories, and corporations—will be listed on the campaign webpage and in the APS Annual Report. Those contributing \geq \$10,000 will be recognized as follows:

- Name listed on the Honors webpage, to include, for foundations, laboratories, and corporations, a hyperlink to the sponsor's homepage
- Invitation to co-present the honor with the APS President at the APS March or April Meeting, or at the discretion of the sponsoring unit's executive committee, at the unit's meeting

Retiring or Repurposing an Existing Honor

If either the endowment level for an existing honor falls below the accepted minimum or its sponsorship is not renewed, the home unit(s) or committee(s) will be asked to work with the Development Staff to raise additional funds, or to identify new sponsor(s). If efforts are not successful, the related funds will be redirected or spent down in accordance with the donor(s)' wishes. Moreover, as the field of physics continues to evolve and some APS awards are no longer serving their purpose, APS in consultation with internal stakeholders and with consent from the donor(s) will need to consider retiring or repurposing existing honors.

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Forming an APS Unit Fundraising Committee

Reasons that a Unit may need to establish an endowment campaign:

- A new honor has been approved and/or has a zero balance
- An existing honor requires additional funding

After obtaining the proper approval, the Unit's Executive Committee appoints a Fundraising Chair and recruits 4-6 fundraising committee members. The Fundraising Chair might be a member of the Executive Committee, or a well-known and respected individual in the physics community who lends their name to the campaign to inspire donors.

Development staff will assist these volunteers by working together to develop and implement a campaign strategy, including: setting the goal and a timeline, identifying prospects, and drafting and distributing solicitations, acknowledgements, and/or stewardship reports.

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Phases of a Fundraising Campaign

1) Pre-campaign and Prospect Identification

1. **Create a gift range chart** - This optional fundraising tool summarizes the number of prospects and their potential giving levels, such as small (<\$100), medium (\$100 to \$999), large (\$1,000 to \$9,999), and major (\$10,000 and above). Generally, the majority of the revenue (typically 80% of the goal) will be from approximately 20% of the donors, and the majority of gifts will equal the least amount of revenue.

2. **Identify lead prospects** - Decide which prospects will be asked to make the largest gifts, and assign them to members of the Fundraising Committee. Members should know and be well-connected to their prospect/s.

2) The Quiet Phase

Essentially, the Campaign begins during this phase. The objective is to raise 60%-80% of the goal at this time, and to give the Campaign the momentum it needs before a public launch. The Fundraising Committee solicits the top 3-10 lead gifts. This phase often takes 6-9 months.

3) The Middle Launch and Public Phase

From FundRaiserBasic.com:

“The middle phase is the MOST difficult part of the campaign. First of all, your biggest donors generally don't want to give right now. They either want to be first, or help put you over the top at the end of the campaign. You can imagine saying, "We'd like you to set the pace" and, "Your gift would mean a successful end to the campaign," or, "Your gift will put us over the top," but it is the rare person who is excited by, "Your gift will bring up the middle." Hence, more of a reason why we recommend that the Committee achieve 60% - 80% of the goal before going public.

4) Achieving Goal

This is the time to celebrate: the goal has been achieved, or surpassed! The Development staff will coordinate publicity, which may include posting the news on the APS website, an email to donors, an article in *APS News*, and, most certainly, an announcement in the Unit's newsletter with details about a call for nominations and the first awarding.