



HOW TO BETTER MANAGE DONATIONS.

Most community banks demonstrate their commitment to the communities they serve by maintaining an active donation budget. However, many banks also wonder “where is the money going” and “what is the bank getting back in return?”

These are logical questions because \$50 donated here... \$500 donated there... and you’ve suddenly spent some real money.

Most of us, as individuals and as corporate citizens, give money to worthwhile causes because we like to help. However, companies should view a donation differently than an individual. Many banks now fund donations out of their “Public and Community Relations” budget rather than out of a budget titled “Donations.” This small change in terminology can alter the mindset of what your bank is attempting to do. Donations should be given, but your bank should also ask what it is getting in return.

Getting more for your money

To improve control within your organization, it is best to have one officer manage the bank’s Public and Community Affairs function and budget. This person should enforce donation policies and review all requests before approval. While each branch manager or

business unit should have a budget that rolls into the overall Public and Community Affairs budget, one person must oversee the entire budget. This helps avoid making multiple donations to the same organization and making donations to organizations that do not qualify under bank guidelines. Also remember to budget for the unforeseen requests because your bank will be asked to make unanticipated donations throughout the year. This includes officers or directors who may accept a new volunteer position during the year. The bank will often be asked to support that organization with a donation.

Your bank may also wish to consider these other guidelines and options:

- Organizations must be able to demonstrate that 85% or more of all funds collected are used for non-administrative, sales and marketing purposes.
- 90% or more of funds collected must be used locally to directly benefit the communities your bank serves.
- Donations should only be made to approved organizations with an in-state address. For example, your bank may not wish to support causes that do not reflect the values of most people in your community.
- For PR purposes, the bank may wish to look for ways to consolidate giving so that fewer organizations receive larger donations. Some banks limit donations to only a few specialized groups or causes—organizations where the bank can be a major financial supporter and therefore receive PR benefits in return. For example, as a major or sole sponsor of an event, the organization may name the event after your bank. If your bank takes such a leadership position, be prepared to donate time (as well as dollars) to help with fundraising and event activities, however. Doing this can also help build esprit de corps since most everyone in the bank will be able to voluntarily work for a common goal and have fun at the same time.

A new format for the New Year: We hope you enjoy this new FOCUS newsletter format. It is designed to improve readability, increase the amount of information we can include each month by 25 percent and also improve the visual quality of the publication for those who receive the newsletter via fax each month.