

Did you know that at most private schools, tuition doesn't actually cover the full cost of educating a student? It's true, and this discrepancy is often called "the gap," representing the difference between the true cost of a private school education per student and the cost of tuition per student. In fact, for many institutions, the gap is so great that it would put them out of business rather quickly if it weren't for donations from loyal members of the school community. Private schools, like Seton, are non-profit organizations and hold the proper 501C3 documentation to operate as such.

Ok, all great information, but you may still be wondering, where does the money go ... the truth is, the overhead of running a school is quite large. From faculty and staff salaries, which often accounts for a majority of school expenses, to facility maintenance and operations, daily supplies, and even textbook expenses, the cash flow is quite large. Schools also offset their tuition for families who can't afford the full cost with what is called financial aid.

Nearly every private school has an **annual fund**, which is pretty much what the name says: an annual sum of money that is donated to the school by constituents (parents, faculty, trustees, alumni, and friends). Annual Fund dollars are used to support operational expenses at the school. These donations are usually gifts that individuals give to the school year after year, and are used to supplement the "gap" that most schools experience. Believe it or not, tuition at many private schools— and the vast majority of independent schools -- does not cover the full cost of an education. It's not unusual for tuition to only cover 60-80% of what it costs to educate a student, and the annual fund at private schools helps make up for this difference. Our seton Catholic School tuition fees cover about 60% of the cost of educating a student here for one academic year.

An **endowment fund** is an investment fund that schools establish in order to have the ability to regularly draw upon the invested capital. The goal is to grow the money over time by investing it and not touching the vast majority of it.

A strong endowment is a sure sign that a school's longevity is guaranteed. Many private schools, like Seton, have been around for one or two centuries, if not longer. Their **loyal donors** who support the endowment help ensure that the school's financial future is solid.

This money is often used to help schools accomplish specific projects that can't be met by annual fund or general operating budget monies. Endowment funds

usually have strict rules and regulations about how the monies may be used, and how much can be spent annually.

Endowment monies can be restricted to specific uses, such as scholarships or faculty enrichment, whereas Annual Fund monies are more general in nature, and not allocated to specific projects.

Many schools offer what's known as a **Gift in Kind**, which is a gift of an actual good or service, rather than gifting the school the money to purchase goods or services. An example would be a family whose child is involved in the theater program at a private school and they want to help the school upgrade the lighting system. If the family outright purchases the lighting system and gives it to the school, that is considered a gift in kind.

You might be surprised at what counts as a gift in kind, too. Items like computers, sporting goods, clothing, school supplies and even lighting systems are all examples of gifts in kind.

It's always a good idea to arrange a gift in kind with a school in advance, though, to ensure that the school needs and can accommodate the gift you are considering.

Planned gifts is a way that schools work with donors to make larger gifts than their annual income would normally allow. Wait, what? How does that work? In general, planned giving is considered a major gift that can be made while the donor is alive or after they have passed as part of his or her overall financial and/or estate planning. It can seem rather complicated, but know that our school's development office will be more than happy to explain it to you and help you pick the best planned giving opportunity for you. Planned gifts can be made using cash, securities and stocks, real estate, artwork, insurance plans, and even a retirement fund. Some planned gifts even provide the donor with a source of income. Learn more about planned giving from our Director of Advancement here at Seton.

A common planned gift scenario is when an alumnus or alumna chooses to leave behind a portion of his or her estate to the school in a will. This could be a gift of cash, stocks, or even property. If you plan to include your alma mater in your will, it's always a good idea to coordinate the details with the development office at the school. This way, they can help you with the arrangements and be prepared to accept your gift in the future.