

DiscoverScholars.org

Executive Summary

Imagine if donors to educational foundations had the opportunity to influence how their money was being spent, with their contributions allocated to the types of students they wished to support.

Unlike government aid, existing scholarship funds, or financial aid packages from schools, *DiscoverScholars.org* allows donors to specify student attributes they value, so that their contributions can be used to fund individual students who satisfy those criteria.

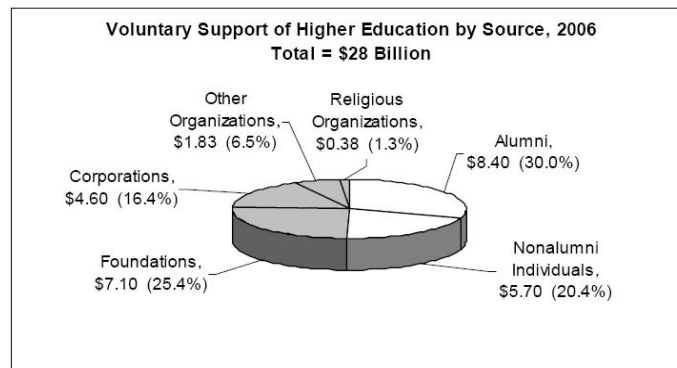
Our Solution

DiscoverScholars.org is a tax-deductible non-profit organization that awards scholarships to the types of students valued by donors in the marketplace. Donors specify any combination of characteristics, from grades and majors to extracurricular and athletic activities, with the knowledge that worthy students possessing those attributes will benefit from their donations.

Our principles of transparency and donor choice distinguish *DiscoverScholars.org* from our competition for charitable dollars. These principles will encourage more people to make charitable contributions toward education, while improving the efficiency of the current market for educational financial aid.

Our Opportunity

Charitable contributions to colleges and universities in the United States were over \$28 billion in 2006, and over 50% of those contributions came from individuals. In addition, many more individuals gave to scholarship funds and other educational foundations.



Notes: Dollar amounts add to \$28.01 billion due to rounding. Grey = Organizations/White = Individuals
Source: Council for Aid to Education, 2007

We are confident that donors similarly will be drawn to our choice and transparency and become regular contributors to *DiscoverScholars.org*. A similar organization provides us with evidence; *DonorsChoose.org*, which lets donors identify and support school teachers in need of extra classroom funding, has attracted over \$11.5 million in revenue in just eight years.

How Will It Work?

Donors will contribute securely online to *DiscoverScholars.org*, specifying student attributes they value, such as course grades, field of study, extracurriculars, or level of financial need. For each donation, *DiscoverScholars.org* will identify the students who meet the donors' criteria, and then allocate scholarship funding to the best-qualified students.

Students will apply online, providing their academic history, a personal statement, short essay responses, letters of recommendation, and financial need. *DiscoverScholars.org* will authenticate

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each application, and score applicants' based on such factors as their *academic* record, *extracurricular* involvement, level of *financial need*. An allocation algorithm will then award scholarship funding to the most-deserving students in the subset made eligible by the donor.

Promotion Strategy

Our plan for attracting potential applicants and donors will focus on driving traffic to the *DiscoverScholars.org* website, particularly through the use of social networking services such as *Facebook*, *MySpace*, and *LinkedIn*. This strategy has proven effective for many non-profit start-ups, and will be particularly appropriate for *DiscoverScholars.org* because the users of social networking websites tend to be of a younger demographic. These services will allow us to reach and leverage thousands of people at relatively little cost, and promote viral spreading of the venture as friends notice other friends applying and donating.

This strategy will be supplemented with online search advertising, a blog providing updates to interested donors and students, widgets for promotion on personal websites, and relationships with other high-traffic websites. We also will incorporate more traditional means of promotion, including ads and articles in student and alumni publications, direct mail solicitations, events at campus centers, and relationships with high schools and college financial aid offices.

Where We Are Headed

A beta version of our website currently is online at <http://www.discoverscholars.org>, with further information about the venture for interested donors. The website features commentary on the *DiscoverScholars.org* blog and links to *DiscoverScholars.org* pages on multiple social networking websites. In addition, we are working with our legal team to obtain 501(c)(3) tax-exempt status from the IRS, as well as to identify capable and trusted individuals to serve on our board of directors.

Eligibility in the first phase of *DiscoverScholars.org* will be limited to U.S. citizens who will be incoming college freshmen and students who are currently enrolled at four-year U.S. colleges and universities. If there proves to be adequate demand from donors and students, then we will work rapidly to expand the venture to other students, including graduate and professional students, as well as international students.

Our Team

Jonathan Bydlak, Founder and Executive Director, is the former Director of Fundraising for the Ron Paul 2008 Presidential Campaign, where he was responsible for overseeing a fundraising apparatus that raised over \$35 million. Jonathan plans to apply his experience with using Web 2.0 social networking tools to build a dedicated donor base for *DiscoverScholars.org*.

Prior to his service on the campaign, Jonathan worked as an investment analyst at one of the largest hedge funds in the world. Philosophically committed to market-based solutions to problems, Jonathan graduated in 2005 with an A.B. in economics from Princeton University.

Our Revenue

We estimate that *DiscoverScholars.org* will obtain revenue of about \$200,000 during its first year, with about half being raised by December 2008. Based on historical growth shown by *DonorsChoose.org*, we project that our second-year revenue will be on the order of \$500,000.

DiscoverScholars.org will generate revenue through three means:

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Direct Contributions. When donors make their contributions, they will be asked to give an additional percentage to *DiscoverScholars.org*, with 15% being the default. This strategy has been utilized successfully by *DonorsChoose.org*, as 93% of donors give the extra 15% to fund operations.

Student Application Fees. Like other scholarship funds, students will be charged a low, non-refundable \$50 application fee to cover the costs associated with verifying their application information.

Targeted Web Ads. These ads will focus on education-related firms, such as study abroad opportunities, deals on textbooks, etc.

Projected Budget

A summary of our expected costs from July through December 2008 is outlined below:

Item	Amount
Initial website and database design	\$20,000
Ongoing website hosting and maintenance	10,000
Salaries	40,000
Legal and accounting	10,000
Promotion	10,000
Credit card processing	5,000
Miscellaneous	5,000
Total Expected Costs	\$100,000

Opportunities for Growth

- **Gift Cards:** let friends give the gift of charity and allow recipients to decide which types of students receive their donation.
- **Anonymous Profiles:** donors identify profiles of students and allocate their donation directly to the students they wish to support.
- **Contingent Donations:** donors award students who show the most improvement from semester-to-semester.
- **Student Loans:** Like Prosper.com, *DiscoverScholars.org* could incorporate the ability for donors to loan money at low rates of interest to students, with repayments at a later date.

Summary of Potential Obstacles

1. Lack of donor demand for supporting individuals' education.
2. Scholarships adversely impact students' college financial aid packages.
3. Student dropout risk.

How You Can Help

We hope we have convinced you that *DiscoverScholars.org* represents a unique opportunity to assist students in need. Your generous contribution will help us undertake the venture by paying for our necessary start-up costs.