

Philanthropy Matters

We Share Your Passion! Year-End 2017



As we move into the new year, wanted to share with you some end of year articles that may help you moving forward in 2018.

As tax reform gathers momentum, many of our colleagues have provided excellent analysis of the potential impact on the nonprofit sector. Here are two excellent articles that I think may be helpful to you.



Thoughts About Tax Reform

Today, we're thinking about the steps that nonprofit organizations can take to prepare for potential tax reform scenarios. These are, admittedly, uncharted waters, but we think that the following suggestions can help weather this potential storm. We do not yet know the details of the final federal tax bill for next year, but we do know existing tax law for 2017.

Be urgent. Remind your donors that all gifts made by December 31 will receive the usual generous tax treatment. And then be prepared to accept gifts right up to the deadline. Be sure that your website has clear instructions about how to make a contribution that will qualify as a 2017 gift. Consider providing an option to fund two years of membership or annual giving this year. And provide contact information for donors who prefer to talk to a person (keep in mind that December 30 and 31 are Saturday and Sunday, and someone on your team needs to be accessible).

- Sample language: With the [anticipated] changes to the tax code, it may be beneficial for you to make your annual gift [or renew your membership] before year end. We're standing by to answer any questions or process your gift to ensure that it qualifies as a charitable deduction in 2017. You can learn more, or make your online gift, here [insert direct link to giving page].

Focus on value. And values. If the proposed changes to federal tax code are adopted—even though nonprofit groups have loudly proclaimed the potential reduction in gifts, especially from the middle class—some donors may develop a vague notion that charitable giving is a bad idea for them. To counter this misperception, focus on the role that charitable giving continues to play in serving your mission. Highlight profiles of donors who have sustained (or increased) their giving levels.

Define the terms on your terms. Weave financial terms into your donor communications. Talk about the “dividend” that a gift will pay in terms of your mission. When appropriate, point out that the increased standardized deduction is the equivalent of the benefit they'd receive from a significant gift. Show your donors that you understand—and care about—their financial well-being, and that charitable giving is still a part of a healthy financial plan.

Be bold. During times of uncertainty, some organizations see a decline in giving because they stop asking. Instead, we encourage organizations to continue inviting donors to invest in their cause. Acknowledge the unusual circumstances, and then state the ongoing need for your services, whether it's meeting a basic need, elevating the arts, or teaching. For some audiences, it may even be helpful to inform donors about the potential negative impacts of tax reform—including risks to charitable giving.



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We'll continue to monitor the latest news on tax reform, assess the impact on our clients and colleagues in the philanthropic sector, and share any insights that may be helpful. If you have immediate questions or concerns, don't hesitate to contact any member of our team to discuss your unique circumstances.

Thank you, Benefactor Group



A new tax law has now been passed. For many, this will make 2017 an important year to make increased charitable gifts. We are encouraging people to check with their tax advisers to see if this would apply to them.

In 2018, the standard deduction will be almost doubling to \$24,000 for a married couple and \$12,000 for an individual. As a result, millions more Americans will no longer be itemizing their deductions and may not be able to get an extra tax deduction for charitable gifts. If you itemize deductions in 2017, but probably will not in 2018, then it may be to your benefit to increase your charitable gifts this year in order to be able to take full advantage of a deduction for these donations.

In addition, even individuals who still will be itemizing in 2018 might want to look at accelerating charitable gifts in 2017. Many people will be taxed at a lower rate in 2018 than 2017, so accelerating charitable gifts into 2017 -- the higher tax year -- might make sense.

Writing a check before the end of this year is not the only way to make a gift. With the stock market at an all-time high, appreciated stock held for more than a year may be a great asset to donate. For most people, if you sell the stock, you have to pay tax on the gain. However, if you gift it to a charity, you can take a deduction for the full fair market value. (Please make sure your donors know the latest date that their stock gift can arrive.)

Be sure to check with your own advisers to see if increasing charitable donations in 2017 or donating stock would make sense for you.

Thank you, Birmingham Jewish Foundation



Sustainability Equates to Being a Winner for Foundation Support

Proving a charity's sustainability is not an easy matter. Financial statements only tell a portion of the story. The IRS required 990 tax forms are only displaying final results, not portraying the journey, and more importantly if the organization can replicate a successful journey in future years.

Seeing the "building blocks" of that journey is literally what can easily define sustainability for any grant giving foundation evaluating the charities submitting grant requests.

Ironically, the building blocks are quite similar for most nonprofit organizations considered successful. However, the reporting tools to proudly display those building blocks to sustainability in an easy to understand manner barely exist.



That is why submitting grant request proposals is often compared to creating a Master's Thesis. The research and digging for such building block details can often take months and a large number of hours to even partially achieve.

Here is just a sampling below of what is required in most cases to be in place in order to best portray proof of past, present and future sustainability. (Where do you stand on these items?)

- A Current Strategic Plan
- A Current Fundraising Plan
- A Viable Leadership Succession Plan
- An Annually Updated Marketing & Communication Plan
- A Sustainable Pyramid of Giving Levels for both Individuals and Companies
- Tracking of Donor Meetings
- A Legacy Giving Program
- An Active Volunteer Program
- An Improving Donor Retention Rate
- A Committed Board of Directors and Committee Structure

Info from Bloomerang, who I follow regularly



Promises Made and Broken with Major Donors

**PEOPLE WITH
GOOD
INTENTIONS
MAKE
PROMISES, BUT
PEOPLE WITH
GOOD
CHARACTER
KEEP THEM.**

There's a funny thing about a promise or commitment. They are so easy to make and, many times, so difficult to deliver on.

I need to manage that temptation, because if I renege on my promise I will hurt someone AND I will hurt myself.

That is the part many people miss. When they break a promise or a commitment, they understand that they are actively hurting someone else. But for some reason they *don't* get it that they are also hurting themselves.

You see, when you break a promise or commitment you are deciding to be a person that lacks integrity. A part of your very core is damaged. You even become conditioned not to keep other promises. When repeated over time, that conditioning turns you into a very selfish, non-caring, hard and cold individual who will do most anything to get what you want – no matter the impact on others.

I want to get you in touch with how it feels to a donor when you make a promise to her and then do not keep it. Here are some of the promises you have likely made:

- **You promised the donor that her gift would make a difference about something she cares about. Have you kept that promise?**
- **You said her relationship with you means a lot to you. Have you proven that in how you treat her?**



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- You promised to fully address any concerns or questions she might have. Have you done that – in every situation?
- You said you would understand if she needed to change her giving level or frequency. Do you really understand and accept that, or are you secretly angry and disappointed by it?

You may have made other promises. Did you keep them all? If not, get in touch with how the donor feels about your broken promises. Think about how your actions affect her – and you.

And if you have kept all of your promises and commitments to your donors, good for you! I know some of them were very hard to keep. But you did it. And you are a better person for it.

Excerpt from Veritas Group – By Richard Perry and Jeff Schreifels, November 3, 2017



We welcome two new clients who will be embarking upon transformational capital campaigns in 2018: Jewish Community of Louisville (JCC Federation) and Jewish Federation of Sarasota-Manatee



The Jewish Federation
OF SARASOTA-MANATEE

Jewish Community of Louisville

David Valinsky Associates wishes all of you a wonderful year-end!

Enjoy the holidays and may next year be your greatest year ever!



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