Current Outlook for Private Fundraising in NC and SC

Presented by:
Holly Welch Stubbing
May 15, 2015
About Your Community Foundation

• Foundation For The Carolinas (FFTC)
  – Established in 1958
  – Supporting 13 County region in NC & SC
  – Part of a national network of over 800 community foundations

• Full service “Center for Philanthropy”
  – With a broad-reaching mission …
Our Mission

The mission of Foundation For The Carolinas is to *inspire philanthropy* and *strengthen our region* through innovative community initiatives and quality services to donors and constituents.
Regional Affiliate Community Foundations

Cabarrus County Community Foundation
Charlotte Mecklenburg Community Foundation
Cherokee County Community Foundation
Cleveland County Community Foundation
Cole Foundation in Richmond County
Iredell County Community Foundation
Lancaster County Community Foundation
Lexington County Community Foundation
Lincoln County Community Foundation
Salisbury Community Foundation
Stanly County Community Foundation
Union County Community Foundation
York County Community Foundation
A Two Part Discussion

• Key Trends in Philanthropy
  – Background and context
  – Trends

• Adopting New Strategies in Response
A Two Part Discussion

- Key Trends in Philanthropy
  - Background and context
  - Trends

- Adopting New Strategies in Response
Overall Giving Trends – 2014

• Giving by ind’ls, estates, corporations and foundations grew by 4.4% in 2013
• Total donated to charitable causes was $335.17B
• Ind’l giving accounting for 72% of all charitable giving
• 4th consecutive year of growth since 2010
• Research correlates changes in giving with values for the S&P 500
  – 2% increase in GDP in 2015 and 27.8% increase in S&P 500
Total 2013 Contributions by Source: $335.17 billion

Source: Giving USA 2014
# Shift in Giving by Source over 40 Years

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Individuals</td>
<td>83%</td>
<td>72%</td>
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<tr>
<td>Foundations</td>
<td>6%</td>
<td>15%</td>
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<tr>
<td>Bequests</td>
<td>7%</td>
<td>8%</td>
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<tr>
<td>Corporations</td>
<td>4%</td>
<td>5%</td>
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<tr>
<td>Total</td>
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Giving Trends
Shifting Numbers Over 30 Years

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Religion</td>
<td>57%</td>
<td>34%</td>
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<tr>
<td>Education</td>
<td>11%</td>
<td>13%</td>
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<tr>
<td>Human Services</td>
<td>5%</td>
<td>13%</td>
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<tr>
<td>Foundations</td>
<td>6%</td>
<td>10%</td>
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<tr>
<td>Health</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Public-Society Benefit</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Arts</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>International Affairs</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Environment / Animals</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
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</table>
## Generosity in North & South Carolina

<table>
<thead>
<tr>
<th>August 2012 Study</th>
<th>Ranking among 50 states</th>
<th>Total Contributions</th>
<th>Median Discretionary Income</th>
<th>Percent Given</th>
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<tbody>
<tr>
<td>South Carolina</td>
<td>9</td>
<td>$2.0 billion</td>
<td>$53,349</td>
<td>5.9%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>5</td>
<td>$4.3 billion</td>
<td>$53,395</td>
<td>6.4%</td>
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Source: The Chronicle of Philanthropy
Foundation Assets – Owned & Represented

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
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<td>$883M</td>
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<tr>
<td>2011</td>
<td>$857M</td>
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<tr>
<td>2012</td>
<td>$1.028B</td>
</tr>
<tr>
<td>2013</td>
<td>$1.276B</td>
</tr>
<tr>
<td>2014</td>
<td>$1.664B</td>
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PRIVATE FDNS UNDER MGMT
FFTCA ASSETS

RECORD YEAR!
Contributions to Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>210</td>
</tr>
<tr>
<td>2011</td>
<td>139</td>
</tr>
<tr>
<td>2012</td>
<td>248</td>
</tr>
<tr>
<td>2013</td>
<td>288</td>
</tr>
<tr>
<td>2014</td>
<td>627</td>
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</table>

RECORD YEAR!
Grants

Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Grants (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>140</td>
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<tr>
<td>2011</td>
<td>142</td>
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<tr>
<td>2012</td>
<td>158</td>
</tr>
<tr>
<td>2013</td>
<td>180</td>
</tr>
<tr>
<td>2014</td>
<td>316</td>
</tr>
</tbody>
</table>

RECORD YEAR!
The Opportunity

• At the turn of the century, US home to 276 billionaires, 350,000 deca-millionaires and 5+ million millionaires

• Expected wealth transfer over next 40 years from $41 trillion to $136 trillion*
  – Expected $10 trillion to charity

*Why the $41MM WealthTransfer is Still Valid: A Review of Challenges and Questions
– Schervish and Havens
*Calculated average amount to charity based on multiple figures in report
A Two Part Discussion

• Key Trends in American Philanthropy
  – Background and context
  – Trends

• Adopting New Strategies in Response
Rise of the Intermediaries

- Giving to Foundations grows from 6% - 15% of annual pie 40 years
- Today 92,760 Foundations
- Today 1,099 Community Foundations
- 60,000 Donor Advised Funds at Fidelity alone
- Zuckerberg gives $1 Billion to a Donor Advised Fund
- In 2013 9 donors each give $100M or more to Foundations
- Much of Wealth Transfer will go to Foundations first
Early American community philanthropy was characterized by informal practices of “taking care of one’s own” that were integrated into the daily life of every American demographic group.
The Institutionalization of Community Philanthropy

This period witnessed the formalization of early giving practices and the creation of many of today’s key institutional structures, such as community foundations, giving federations, and United Ways.
The Democratization of Community Philanthropy

After the Great Depression and World War II, organized community philanthropy spread and diversified into new communities and populations.
The Age of Commercial Charity

This period included the explosive growth of community philanthropy organizations in the 1990s and the entrance of commercial charitable gift funds into the philanthropic arena.
The Next Era

What will the next era look like?

Before 1900: Early community philanthropy
1900-1929: The institutionalization of community philanthropy
Great Depression and World War II
1950-1990: The democratization of community philanthropy
1991-2005: The age of commercial charity
2005-?: The next era

Source: Sample of 337 Community Foundations; Foundation Center Data, Monitor Institute Analysis
The New Culture of Philanthropy

• Everyone is a fundraiser: Board, Staff and Exec Director
• Keeping donors as important as acquiring new ones
• Fund development is a valued & mission-aligned component of everything the organization does – not a one-off
• Organizations need to create environments where the entire community have ample opportunities to engage with the mission in authentic and meaningful ways

Source: Study by the Evelyn & Walter Haas Jr. Private Foundation
What Does This Mean?  
Shifts in Approach to Philanthropy…

• From institutions to causes

• From short-term support to long-term support

• From managing financial assets to long term leadership

• From rewarding need to rewarding success
  – Need to demonstrate impact & sustainability
Recent Shifts in Numbers (2009 – 2013)

• Religion (31%)
  – Continued to decline since Great Recession

• Education (16%)
  – Since 2009 up 37%
  – Overall giving up only 12%

• Human Services (12%)
  – Since 2009 up only 6%
  – Overall giving up 12%

  – Migration of wealthy donors back to pre-recession levels
  – Wealthy donors gravitate to education, health & the arts
Shifting Numbers (2009 – 2013)

• Foundations (11%)
  – After decades of growth in market share, annual giving down
  – Declined by 17% in 2013
  – Since 2009 Recession up by only 2%
  – Great volatility over years (investment returns & bequests)
  – Assets at private foundations grow by 5%
  – Assets at community foundations grow by 13%
Shifting Numbers (2009 – 2013)

• Health (10%)
  – Rising with overall giving

• Public Society Benefit (7%)
  – Intermediates like donor advised funds
  – Since Recession up 27% vs overall up 12%
  – Democratization of “Foundations” through DAF’s
Shifting Numbers (2009 – 2013)

• Arts (5%)
  – Up 22% since Recession
  – Overall giving up 12%

• International Affairs (4%)
  – After years of growth “volatility sets in”
  – Longest decline of any “recipient type” since Great Recession
  – Decline by 16% vs overall giving up 12%

• Environment /Animals (3%)
  – Between 2009 – 2013, up 22%
  – Overall giving up 12%
Local & National Philanthropic Trends

• Corporate $$ sustained but more targeted, selected outsourcing
• United Fund drives decline, capital campaigns starting back
• Wealth transfer is alive and well in the Carolinas
• Generational shifts from institution vs. subject
• Rise of women in philanthropy
• Private foundations coming of age
• Focus on impact and evaluation
• Shifting legislative landscape for nonprofits
Local & National Philanthropic Trends

- Corporate $$ sustained but more targeted, selected outsourcing
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- **Wealth transfer is alive and well in the Carolinas**
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- Private foundations coming of age
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- **Shifting legislative landscape for nonprofits**
Changing Communities

• Long history of philanthropy in this country
  – Industrial revolution (Carnegie, Rockefeller) all the way to the tech boom (Gates, Silicon Valley)

• Industries & wealth evolved
  – So did “traditions” of philanthropy
    • Philanthropy as relief, improvement, reform and civic engagement

• Changing concept of “community”
  – No longer seeing individuals, families take root and stay in the same place
  – Impact on local nonprofits
A Generational Shift

- We are in the midst of the much-discussed transfer of wealth. The generation that garnered entrepreneurial wealth is literally dying. The biggest trend is the formal transfer of the philanthropy to the next generations, and all of the challenges which accompany that.”

– Richard Marker, Heyman Center for Philanthropy & Fundraising, NYU
Generational Perspective

• Great-Greats
  – Only the wealthy gave
  – Funded the oldest traditional nonprofits

• Greatest Generation/ Traditionalists
  – Charity was embraced by the masses
  – Started many of today’s mid-size nonprofits

• Baby boomers
  – Starting giving late in life
  – Want more impact with their investment

• Gen X & Y
  – Have high ideas and want innovation
  – Give as part of socialization
30- and 40- Somethings

• Success personally from creation of ideas and products

• Therefore they want to be involved in the creation, implementation and evaluation of your organization

• Less apt to follow peer pressure
  – Away with the passive philanthropist!

• More likely to “follow their hearts”
  – Get involved first, then give
Rise of Women in Philanthropy

- Women 50 years or older own 75% of the nation’s wealth*

- For every $100 donated by an affluent older man, women in the same circumstances donated $256**

- Female headed households are most likely to give to charity than male-headed household

- Like previous, most likely to get involved, then give

*Margaret May Damen, Women, Wealth, and Giving
**Women’s Philanthropic Institute, Indiana University
Engaging the Next Generation

“The conditions that produce a founder are not shared by his or her children and grandchildren. Therefore, the challenge is how the habit of philanthropy – however formed in the founder generation – can be encouraged in succeeding generations in a way that is productive, that captures the fundamental impulse to embrace others. It does not deny the individuality of those in succeeding generations, but rather it appreciates and deploys them.”

– National Center for Family Philanthropy
The Result

• Younger gen. inherit the responsibilities for family assets
• Incumbent on founders or leaders to prepare them
• Requires an ability to clarify values/legacy to be continued
Impact & Evaluation - Charitable...Investments??

• Foundations and nonprofits experiencing pressures
• Need to prove the effectiveness of their charitable grants
  – To demonstrate value?
  – To defend tax-exempt status?
  – To prevent “ethical” attacks from government, others?
• Whatever the reason, a trend has emerged
  – Foundations approach grantmaking with same rigor as investors seeking financial return
  – Although cannot ignore the demand by legislative hearings to document the benefits that foundations take credit for...
Importance of Evaluation

• Mark Kramer, *From Insight to Action*

  – “The field of philanthropy is undergoing a fundamental transition toward more performance-centered and forward-looking evaluation approaches that provide foundations and their grantees with timely information and actionable insights… Innovative approaches to evaluation have become even more important as foundations explore new ways of achieving social impact.”
Philanthropy as an Investment Strategy

• Donor as “investor” vs. “funder”
  – *Funders* distribute money among causes, nonprofits, etc.
  – *Investors* create highest community impact

• Philanthropic investment decisions framework
  – Shift focus from activities to **results**
  – Maximize community impact from limited dollars

• Philanthropic solutions to community challenges
  – Positive community impact as return on investment
  – Continuing to look for ways to achieve social change
Reflects Shifts in Approach to Philanthropy

- A shift from institutions to causes
- A shift from short-term support to long-term support
- A shift from managing financial assets to long term leadership
- A shift from rewarding need to rewarding success (results)
- A shift from competitive independence to coordinated impact
Evaluation in Action

• Foundations moving away from third-party evaluation providers
  – Training/engaging to staff to make evaluation part of everyday work

• Recognition that the data collected enhances the decisions made
  – Not intentionally an effort to add more work for the grantees
  – Opportunity for grantees to define what success looks like

• Understanding there is no one-size fits all approach
  – Although many have collaborated for common framework
The Flip Side

• “In business, the market tells you very quickly that what you have isn't working. In politics, you have voters who will quickly apprise you of the fact that you're not pursuing what they're looking for … But it's far more difficult to measure success when it comes to charitable giving.”

  – William Schambra, Director, Institute's Bradley Center for Philanthropy and Civic Renewal
The Flip Side (cont’d)

- Corporate metrics & expectations applied to nonprofit sector
- But it’s not a level playing field, for example, nonprofits:
  - Don’t have access to working capital without taking on more projects
  - Are more pressured to keep overhead low
  - Can’t always afford to take risks
  - Fighting over the same piece of the pie - 2M+ nonprofits & $300B in gifts
  - Non-profit “margins” are minimal compared to corporations
  - Investments in tech & infrastructure are generally grossly underfunded
The Flip Side (cont’d)

• “The reason the nonprofit sector exists at all is because it can fund and invest in social issues that the for-profit market can’t touch because they can’t be measured…The nonprofit ‘market’ is not designed to be efficient in that way. Yet we’re applying the same efficiency metrics to both sectors.”

– Paul Shoemaker, Executive Director, Seattle affiliate of Social Venture Partners Int’l
“Uncharitable” – Dan Pallotta
Stanford Social Innovation Review on Dan Pallotta’s Book

- Not only must nonprofits be allowed to use the tools of commerce to thrive and accomplish their missions, Pallotta argues, but the public also needs to get over its mistaken and tenacious fixation on fundraising costs and overhead ratios. He goes on to show how misleading, easily manipulated, and plainly irrelevant these ratios are, and suggests we instead ask 16 questions that would reveal "What has the organization achieved, and what can it achieve with my donation?" Everyone who cares about nonprofit organizations and their potential accomplishments--from journalists to sophisticated donors to foundation officials--should read this section of the book. They'll surely be convinced that fundraising ratios and program expense ratios are a silly, useless, and even fraudulent way to compare "efficiency" across nonprofit organizations.

- Every nonprofit professional, meanwhile, should read Pallotta's section on how nonprofits can use the power of advertising. If donors and staff members complain that "a dollar spent on advertising could have been spent caring for the needy," he advises the nonprofit manager to explain that exposing new supporters to the cause could result in a tenfold increase in donations. Indeed, as John Kenneth Galbraith noted in The Affluent Society: "The engines of mass communication, in their highest state of development, assail the eyes and ears of the community on behalf of more beverages but not of more schools. Even in the conventional wisdom it will scarcely be contended that this leads to an equal choice between the two."
Nonprofit Sector Threatened

• As gov’t budgets tighten & scandals arise in nonprofit sector
  – Politicians and their staff look to the sector for additional dollars

• Nonprofits feeling pressures of reduced funding
  – On the federal, state and local level
  – Increased scrutiny over dollars once held sacred tax provisions

• The tax reform discussions bring forward a host of questions

• Namely -
  – Are we earning our keep?
  – Are we really helping solve social problems?
  – Is this the most efficient way to combat those issues?
On the Local Level...State Issues

• NC S.B. 700 (sponsored by Sen. Andy Wells & Bob Rucho)
  • Limit state and local sales tax refunds to nonprofits
    – Curtail max sales tax refund from $31.7 M to $70,370
    – Max local sales taxes refund plummets from $13.3 M to $29,630
    – Overall cap of potential refunds shrinks from $45M to $100k
  • Health care providers a major target for reform
    – Private colleges, arts community, others significantly impacted
Potential Impact of S.700

• On YMCA of Greater Charlotte
  – YMCA estimates annual cost of $400,000 per year
  – ↑ cost of capital projects (e.g., Dowd YMCA renovation ~$650K)

• On Goodwill Industries of the Southern Piedmont
  – Based on budget, estimated annual cost of ±$200,000
  – ↑ cost of capital projects (e.g., Opportunity Campus ~$650K)

• On FFTC
  – No currently projected annual cost unless further building renovation
  – BUT FFTC refund growing; sales/use tax base also likely to increase
  – ↑ cost of Carolina Theatre estimated at ±$1,000,000
The Federal Landscape

• Continued challenges to combat potentially harmful reform
• A few bad actors thrust nonprofits / foundations into spotlight in early 2000s
• Senator Grassley and staff led the charge in 2006
  – Now, a decade later, tone/ language about nonprofits shifted
  – Dave Camp proposal in 2014 didn’t pass…but again, set the tone
• Trade associations not well prepared and not a well oiled machine
• Charitable reforms now part of almost every major tax package
A Two Part Discussion

• Trends in American Philanthropy

• Adopting New Strategies in Response
  – Legacy Giving “Unleashed”
  – Asset Based Giving
  – The Library Opportunity
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U.S. Planned Giving Snapshots

- Of the $335 billion in U.S. giving in 2013:
- Planned gifts represented the highest increase of all sectors
  - $27.7 billion in planned gifts
  - Giving by bequest +8.7%
  - Giving by foundations +5.7%
  - Giving by individuals +4.2%
  - Giving by corporations -1.9%
U.S. Planned Giving Snapshots

• Over 500 nonprofits surveyed in 2013
  – 65% received planned gifts
  – 42% reported an increase in total $$ received through planned gifts
  – 59% reported new planned gift commitments

• Bequest intentions are on the rise
  – 25% growth nationally from 1998-2010 for ages 55 and older

• Future planned giving implications clear
  – U.S. population aged 85+ to exceed 19 million by 2050
A Future for Endowment Unimaginable

• Wealth transfer estimates range from $40 - $120 trillion
• Traditionally 20% of HNW Estate dollars go to charity
• $8 trillion to $24 trillion opportunity
• 70% of Estate Gifts to charity were “requested”
  – If you’re not asking your opportunity greatly diminishes
Key Considerations for Planned or Endowment Gifts

• Demonstrated financial stability and sustainability key for success

• Commitment to honoring donor intent where possible
  – Including permanence of gift
  – Ability to recognize donor’s legacy or a loved one

• Unique funding opportunities interesting to donors
  – Important to customize options
  – Scholarships / professorships / fellowships/ naming endowments
  – Discretionary programming with guidelines
Planned Giving: The Tip of the Giving Pyramid

Estate or Planned Giving
Bequests Planned Gifts

Major Giving
Endowment Campaigns
Capital and Special Campaigns
Major Gifts from Individuals
Major Gifts from Corporations and Foundations

Annual Giving
Volunteer-Led Annual Giving Campaign
Activities, Benefits, and Special Events
Groups, Guilds, and Support Organizations
Membership and Membership Associations
Direct Mail Testing, Acquisition, and Renewal Selected Publics
All the Public – Everyone in the Area
Pyramid of Giving Implications

- Houses of worship & universities, best positioned
- Universities will fare better (large staffs, aggressive programs)
- Select universities & selected churches will become wealth centers
- Most non-profits without planned giving staff will be left out
- Unrelated to pyramid
  - Planned giving will advance rise of intermediaries
Example: FFTC Planned Gifts/ Promises

- # of planned gifts/promises:
  - 2010: 137
  - 2011: 163
  - 2012: 192
  - 2013: 222
  - 2014: 243

- $ of planned gifts/promises:
  - $109
  - $282
  - $347
  - $397
  - $405
Realized Estate Gifts

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<tr>
<th>Year</th>
<th>Realized Planned Gifts</th>
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<td>$0.69</td>
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<tr>
<td>2011</td>
<td>$5.55</td>
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<tr>
<td>2012</td>
<td>$9.08</td>
</tr>
<tr>
<td>2013</td>
<td>$0.55</td>
</tr>
<tr>
<td>2014 (Oct.)</td>
<td>$0.45</td>
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</tbody>
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A Two Part Discussion

• Trends – Changes in American Philanthropy

• Adopting New Strategies in Response
  – Legacy Giving “Unleased”
  – Asset Based Giving
  – The Library Opportunity
What is Asset-Based Giving?

• Contributions of assets, typically illiquid
  – vs. cash or marketable securities

• Small to mid-size business owners
  – Succession planning
  – Liquidity event on the horizon

• Contributions complex, typically advisors heavily involved
A Note on Asset Specific Giving: Harnessing the Potential of Illiquid Gifts

IRS statistics show that most people give from cash, even though the majority of their wealth is held in non-cash assets.
## Why Asset-Based Giving?
(Dornhoff “Power in America” Report on Wealth)

Table 3: Wealth distribution by type of asset, 2010
From Wolff (2012).

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<thead>
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<th>Investment Assets</th>
<th>Top 1 percent</th>
<th>Next 9 percent</th>
<th>Bottom 90 percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks and mutual funds</td>
<td>35.0%</td>
<td>45.8%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Financial securities</td>
<td>64.4%</td>
<td>29.5%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Trusts</td>
<td>38.0%</td>
<td>43.0%</td>
<td>19.0%</td>
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<tr>
<td>Business equity</td>
<td>61.4%</td>
<td>30.5%</td>
<td>8.1%</td>
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<tr>
<td>Non-home real estate</td>
<td>35.5%</td>
<td>43.6%</td>
<td>20.9%</td>
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<tr>
<td>TOTAL investment assets</td>
<td>50.4%</td>
<td>37.5%</td>
<td>12.0%</td>
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Housing, Liquid Assets, Pension Assets, and Debt

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<th>Next 9 percent</th>
<th>Bottom 90 percent</th>
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<tr>
<td>Principal residence</td>
<td>9.2%</td>
<td>31.0%</td>
<td>59.8%</td>
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<tr>
<td>Deposits</td>
<td>28.1%</td>
<td>42.5%</td>
<td>29.5%</td>
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<tr>
<td>Life insurance</td>
<td>20.6%</td>
<td>34.1%</td>
<td>45.3%</td>
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<td>Pension accounts</td>
<td>15.4%</td>
<td>50.2%</td>
<td>34.5%</td>
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<tr>
<td>TOTAL other assets</td>
<td>13.0%</td>
<td>37.8%</td>
<td>49.2%</td>
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<tr>
<td>Debt</td>
<td>5.9%</td>
<td>21.6%</td>
<td>72.5%</td>
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Research Findings on Business Interests

• Institutions of higher education have long-standing expertise
  – Major universities and community colleges all accept noncash gifts

• Foundation world is also active in this arena
  – Community foundations both large and small

• Other nonprofits also utilize noncash gifts for asset growth
Tax Advantages for Illiquid Gifts

• Accomplish goals without disrupting investment portfolio

• Avoid capital gains tax on appreciation
  – By gifting before sale

• Higher deduction to public charities (30% at FMV)

• Remove valuable assets from taxable estate
University Example

• Massachusetts Institute of Technology “owns” Bose Corp.
  – Founder of Bose donated majority of the company in 2011
  – Donor received bachelors, masters & doctoral degrees from M.I.T.
  – Was professor there for 35+ years

• Gift was restricted, but lucrative
  – Nonvoting and thus, non-controlling interest
  – No operational involvement on the part of the university
  – M.I.T. cannot sell the shares, but does receive dividends
  – Income used “to sustain and advance education & research”
Hershey School Example

- Pre-K to 12th grade independent school in PA
- Example of remarkable philanthropic largesse
- Hershey & wife est’d Milton Hershey School & School Trust
  - Founder of the chocolate company gave his entire interest in 1909
  - Integrated tax exempt organization
- School is a nonprofit corporation which manages the Trust
  - All created under Deed of Trust at time of gift
- $7B in assets!
Community Foundation Example:
Greater Kansas City Community Foundation

• 1st ever IRS charitable deduction for gift of a major sports team
• GKCCF “owners” of Kansas City Royals from 1995 to 2000
  – Ewing Marion Kauffman owned the small market MLB franchise
  – Wanted to ensure stability of franchise & keep in Kansas City
  – Carefully crafted estate plan gifted Royals to GKCCF
• The Royals Fund involved >30 donors contributing $50M
Asset-based giving

Donating non-cash assets such as stocks, real estate, and business interests before sale is a tax-smart way to support Kingdom ministries. Learn more in our PDF download.

Benefits of asset-based giving
By donating non-cash assets first – rather than selling them first, paying taxes, and giving the net proceeds – you typically receive a tax deduction for the full fair-market value of your gift, as well as avoid capital gains taxes. This is just one of the benefits of asset-based giving ... read more

Get started: Asset Donation Form
If you're ready to begin the process of donating your non-cash asset, use our Asset Donation Form to share details about your gift such as the present/projected value and your goal for its ultimate distribution to charity ... get started
FFTC Examples: NC Case Study #1

- Owner/ entrepreneur in his 40s
- Family wealth used to create/ purchase business
- Custom A/V & security equipment business
- Employees prepped and compensated to sell company
- Owner contributed over 75% of his stock to an LLC
- Gift non-voting interests in the LLC to charity
- Private equity fund purchased company
- Charities were liquidated within one year of gift
- Asset worth 3 times book value
- $200M Foundation created from sale
FFTC Case Study #2: SC Family

- Long time owners of SC based company (80s)
- Gas stations, beer sales, real property, hotel
- Contributed equity in family biz to foundation at death
- Remaining family struggled to agree/ meet payouts
- Waited IRS window before contributing stock
- Made gift of 10% of non-voting interests in company
- Will redeem interests over 10 year period through promissory note
- $15M Foundation to benefit geographic region
FFTC Case Study #3: NC Business Owner

- Owner/ entrepreneur in his 50s
- Owns mid-sized Southeastern company with many real property interests
- Contributed 100% of LLC holding a commercial warehouse
- Warehouse on the market, but has not been sold (2 yrs)
- Appraised gift value: $1.2M
A Two Part Discussion

• Trends – Changes in American Philanthropy

• Adopting New Strategies in Response
  – Legacy Giving “Unleashed”
  – Asset Based Giving
  – The Library Opportunity
Evans and Susanna Lam have committed $1 million to the River Campus Libraries to establish the Evans and Susanna Lam Library Revitalization Fund. The fund will support the modernization of the patron services area in Rush Rhees Library, which will be named Evans Lam Square.

“Everyone who uses the library will benefit from this innovative project. They are making a difference with their generosity,” University of Rochester president Joel Seligman said.

Evans Lam Square, a meeting space located off the Roger B. Friedlander Lobby of Rush Rhees Library, will serve as the central location for library users to do
The Library Opportunity

• Planned giving, planned giving, planned giving
  – Libraries well positioned to capture first wave of wealth transfer
  – ‘Little old ladies’ abound who love their libraries
  – Will you seize the opportunity?

• Location, location, location
  – Library assets
  – Building, structure and locations often central to communities
  – Development of properties for future income streams
The Library Opportunity

• Centers of engagement
  – Democratizing literacy
  – Digital connections
  – Meeting spaces and gathering

• Entrepreneurship and business development
  – Creating work zones for entrepreneurs
  – Providing key resources and connections

• Environmental impact
  – Sharing costs and highest use of materials
Discussion/ Questions
Thank you!