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## AN UPDATE ON THE ECONOMY AND PHILANTHROPY

By George C. Ruotolo, Jr., CFRE, Chairman and CEO

A few weeks ago I shared with our clients and *Netlinks* recipients a study from Giving Institute *Leading Consultants to Non-Profits* about how economic downturns affect philanthropic giving. If you have not had a chance to review this document, I encourage you to click here (<http://ruotoloassoc.com/newsletter/Spotlight3-2008Final.pdf>) to access it.

Since distributing that document, there has been additional turbulence within the worldwide financial markets. I would be less than candid with you if I didn't tell you that there is palpable concern in the market place over the current health and prospects for philanthropy.



In my capacity as Chair of Giving Institute, I have had the opportunity to explain to the media what we can anticipate going forward given the state of the economy. I have been interviewed by NPR (<http://www.npr.org/templates/story/story.php?storyId=95605904>), *Worth Magazine*, *The Philadelphia Inquirer* (<http://www.philly.com/philly/news/local/30082764.html>) and CNBC. During these interviews, I have explained how the United States philanthropic community has fared during the six recessions we have experienced since 1967. Three of

these recessions lasted eight months or less and the other three had durations from 11 to 16 months. Clearly, the longer the recession the more philanthropy was affected. While all non-profit sectors are impacted differently by economic downturns, religious organizations usually are affected the least.

There are several fundraising strategies that non-profits can employ to maximize the potential to meet its philanthropic goals. These strategies, which should be the cornerstone of any fundraising program in good economic times as well as during downturns, include the following:

- Non-profits need to work with their board of trustees and other volunteers to make sure those closest to the organization are current donors and serving as advocates for the group.
- Organizations should develop and implement a communication/stewardship plan and stay focused on maintaining momentum. Acknowledging donor support is important; e-mails and “thank you” phonathons can play a role in this plan.
- Philanthropic groups must treat current donors as their single most precious resource. Ensure that donors understand how their support helps advance the organization’s mission.
- Non-profits should differentiate between their “wants” and “needs.” All elements in a case for support—whether it be an annual appeal or capital campaign—should be positioned as key to the organization’s mission.
- Organizations should not prejudge the ability or willingness of current donors to offer support, as the current economic situation is affecting everyone differently. Despite the national preoccupation with the volatility of the stock market, large gifts are still being made. For example, research has shown that there has been no decrease in the number of philanthropic gifts in the \$10 million and above range.

My message continues to be that historically, philanthropy has managed to effectively tolerate economic slowdowns and recessions. Please feel free to contact me via e-mail or phone if you have any questions about the state of philanthropy today or if you would like to know how Ruotolo Associates might assist your organization during these difficult economic conditions.

## **HOW TO MAXIMIZE END-OF-YEAR GIVING**

By Doug Held, Senior Associate

The fourth quarter is traditionally a very productive period for philanthropy as donors make gifts before December 31 to lessen their tax burden in April. While the current economic challenges are affecting industries, individuals and families in different ways and the impact on non-profits will be similarly varied, this year it is especially important that development offices be creative, flexible and comprehensive to maximize end-of-year gifts.

### **Direct Mail**

Mail appeals to existing donors are a traditional tool to secure year-end gifts, and organizations employ various strategies to boost results. Some prefer an initial mailing in late September or early October, followed by a second appeal (to those who didn't respond) in later November or early December. Others mail one piece to coincide with holiday spirit and generosity; donors should receive all mailed appeals before December 15.

Whichever model you employ, consider these recommendations:

- Test market your appeal materials with a variety of staff and volunteers. Is your appeal attractive, engaging, compelling, and easy to read?
- Personalize the letter as much as possible. Certainly use "Dear John and Mary" instead of "Dear Friend," but also add personal notes from administration, board members and volunteers whenever possible and appropriate.
- Make the ask. The purpose of this letter is to solicit a gift. You need to frame it within the context of a bigger picture (what your organization does well and why it is important), but you need to ask for the gift.
- Speak directly to readers about the impact of their gift.

### **Significant Donors**

While mail appeals are appropriate for your general donors, consider how you can engage your more significant donors in an individualized and, if possible, face-to-face end-of-year dialogue. These individuals may use this fourth quarter to annually review, with their family and/or financial advisor, their investment and philanthropic portfolio. They might also appreciate a personalized "annual report" detailing what the organization was able to accomplish with their gift and a forecast of your organization's important upcoming initiatives (and opportunities for their investment).

While you must be sensitive about declines in donors' financial portfolios, you can still speak with supporters about the value they have added to your organization and, thus, their community.

## **IRA Charitable Rollover Provision**

The extension of this act through December 31, 2009, was included in recent acts by Congress. Development office staff should be familiar with the provision's key elements and include this information in all end-of-year communications including appeals, newsletters and your Web site. For more details, see article below.

### **Events**

The fourth quarter is also traditionally busy with galas, dinners and other events that contribute to year-end philanthropy. The need to carefully analyze the expense to revenue ratio for such events is even more critical in a challenging economy, and while one might expect that donors are less festive this year and that event attendance would suffer, Ruotolo Associates is aware of several recent events that met or exceeded previously established goals.

Being open to smaller, less formal events and fundraising activities can increase year-end giving. Consider hosting a free, low-expense event--such as an alumni basketball game in the gym, a tea and holiday gift wrap party, a storyteller for children--that will offer your donors a break from the many stresses of the season and get them in your doors.

### **Visibility**

Press coverage in the fourth quarter can make your organization stand out and improve your year-end results. Think strategically about what relationships you need to leverage and what activities or events you can promote to ensure that your story will get picked up by your targeted press. Alert your donors (in your appeal letters, newsletter, and Web site) to the coverage as it furthers your credibility and speaks to your importance now.

### **Web site**

Year-end giving must be easy for the giver. In this most hectic season, you want your donors to understand your need, get any questions answered, and make the gift. At this time of the year it's especially important that your Web site donation features are comprehensive and efficient.

Start on your homepage with a prominent and attractive feature, such as "Want to make a gift before the end of the year?" along with a compelling photo or graphic. Link from this to a dedicated page or section for end-of-year giving.

This section should include:

- Information on the IRA Rollover Provision.
- Deadline to make a gift to your office that will be recorded for this calendar year and thus benefit a donor's tax bill. While you may be able to process online or mail donations until December 31, you should advise donors if they need to act earlier for stock transfers or more complex gifts.
- Whom to contact in your office (name, phone, e-mail) with any questions.
- Describe different options for gifts, including cash, stocks, and insurance, and highlight the benefits of each.

- Highlight general tax implications associated with philanthropic contributions. For example: “Gifts of cash are fully deductible up to 50 percent of your adjusted gross income. If your income will be higher in 2008 than in past years, extra charitable gifts can help prevent you from being taxed in higher brackets.”
- Remind donors that any unused deductions can be used in as many as five future tax years.
- Suggest donors speak to their financial advisor.
- Encourage constituents to check with their employers about matching gift opportunities, which could potentially double the impact of their gift.
- Suggest a donation as a holiday gift and, if possible, set up matching “gifts” like the \$250 water buffalo available at Heifer International.

The ability to reduce a tax bill is certainly a primary reason that individuals make an end-of-year gift, but it is not the only reason. Just as we review our financial position and plan future strategies as another year closes, we often engage in an introspective survey on other measures. Was my work meaningful this year? Have things gotten better for my family and in my community? Did I contribute? Did I make a difference?

Consider it your challenge to give all of your donors every opportunity to make that difference this year.

## **IRA ROLLOVER PROVISION EXTENDED**

One way to promote giving among your older constituents is to share information with them about the IRA Rollover Provision, which exempts from taxable income any funds transferred from an Individual Retirement Account to a charitable organization. The provision was included in the \$700 billion economic bailout bill signed by President Bush on October 3. The original provision had expired at the end of 2007; the new legislation was made retroactive to January 1, 2008, and will apply to gifts made from that date through December 31, 2009.

To take advantage of this opportunity, donors must be above age 70 ½ and the contribution to a charity must be a direct gift. The cap on annual IRA rollovers is \$100,000.

For more information about how to promote this giving option at your organization, please contact Ruotolo Associates.

## **CLIENT NEWS**

**Niagara University** received the largest gift in its history this month. An alumnus pledged \$10 million towards the institution’s \$80 million campaign. This brings the total of the campaign to \$50 million as the University headed into its Homecoming Weekend celebration.



**Mother of Divine Providence** in King of Prussia, PA, recently dedicated its new Parish Center, which is an extension of the MDP Catholic School. The new center includes a state-of-the-art kitchen and will serve as a cafeteria for the students of MDP School as well as gathering space for ministries and the parish. The gym was also power-washed and received a new floor.

Ruotolo Associates worked with Mother of Divine Providence to raise nearly \$2 million to build this beautiful space.

**Our Lady of Perpetual Help** in Oakland has nearly completed its renovation of the church. RA served as campaign counsel, raising more than \$1.5 million in the campaign.

Ruotolo Associates served as campaign counsel for the **Poor Clare Sisters'** Partners in Grace, a capital campaign to raise \$5.5 million to build a new monastery in Travelers Rest, SC. To date, \$4.25 million has been secured.

(left) Bishop Arthur Joseph Serratelli of the Roman Catholic Diocese of Paterson, NJ, shakes hands with Monsignor Paul Knauer, Pastor of **Our Lady of the Lake Parish** in Sparta, NJ, during the dedication of the parish school's new gym on September 14. Ruotolo Associates served as campaign counsel for a \$2 million capital campaign.



**Palisades Medical Center Foundation** in North Bergen, NJ, recently hit the \$4.85 million mark in pledges and gifts toward its goal to establish a \$5 million endowment as well as address capital and programmatic needs in the Medical Center and the Harborough. Ruotolo Associates has served as major gift and campaign counsel since 2005.



**St. Paul Parish** in Ramsey, NJ, recently held a grand opening celebration for its new gym. RA served as campaign counsel for the campaign that raised more than \$3.8 million. Now at the end of its three-year pledge period, St. Paul's reports that its pledge redemption rate remains high at 94 percent.

## **DOUG HELD PROMOTED TO SENIOR ASSOCIATE**



In July, Doug Held was promoted to Senior Associate.

Doug has been a member of the Ruotolo Associates' team since 2005 and has 16 years of experience in non-profit management, communications and development. His background includes public relations, grant writing, annual campaigns and strategic planning.

"During the past year, Doug has demonstrated a level of leadership and competency that made the decision to elevate him to Senior Associate appropriate," said George C. Ruotolo, Jr., CFRE, chairman and CEO of Ruotolo Associates Inc. "We believe that he has a very bright future with RA, and we look forward to his leadership collaboration with the executive team."

Doug's work in the Mid-Atlantic region has enabled him to assist a variety of non-profit clients, including libraries, health agencies, alumni associations, secondary schools, and churches. He has conducted planning studies, capital campaigns and major gift initiatives. In addition, Doug has conducted assessments of development offices, served as interim management, and directed successful executive searches. Most recently, he was working with several elementary schools to establish, train and support new volunteer boards. His clients have included Archbishop Stepinac High School, White Plains, NY; Diocese of Brooklyn, Brooklyn, NY; Father Judge High School for Boys, Philadelphia, PA; Freedom House, Glen Gardner, NJ; New Jersey SEEDS, Newark, NJ; Nyack Public Library, Nyack, NY; Sacred Heart Parish, Bloomfield, NJ; St. Joseph's Parish, Jim Thorpe, PA; Summit Speech School, New Providence, NJ; and West Bergen Mental Healthcare, Ridgewood, NJ.

Doug graduated from the University of Scranton, where he was a four-year recipient of a Presidential Scholarship for the debate team, which he captained his junior and senior years. Doug has been a volunteer with off-off Broadway theaters, an outings leader for the Sierra Club, and a member of the Morris Trails Conservancy.

Doug resides in Morris Township, NJ.

### ***Other Staff News***

Ruotolo Associates is seeking to hire development professionals with experience in capital campaigns and comprehensive development programs. For additional information, please e-mail [info@ruotoloassoc.com](mailto:info@ruotoloassoc.com).

## UPCOMING EVENTS

### **November 6, 2008**

AFP-NJ 2008 Conference on Philanthropy  
Parsippany Hilton  
One Hilton Court  
Parsippany, NJ

### **November 13, 2008**

AFP-CT Philanthropy Day Conference  
Trumbull Marriott  
Merritt Parkway  
Trumbull, CT

### **December 2, 2008**

AFP-MA 2008 Conference on Philanthropy  
Copley Place Marriott  
Boston, MA

## CURRENT CLIENT LISTING AND SERVICES PROVIDED

- American Driving Society, Woodbury, TN: *Development Program Assessment*
- Archbishop Stepinac High School, White Plains, NY: *Capital Campaign Counsel*
- Arlington Catholic High School, Arlington, MA: *Planning Study and Capital Campaign Counsel*
- Bethany Spirituality Center, Highland Mills, NY: *Feasibility Study and Market Analysis*
- Beverly School for the Deaf, Beverly, MA: *Development Program Counsel*
- Boys & Girls Club of Paterson and Passaic, Paterson, NJ: *Development Program Assessment*
- Capuchin Franciscan Friars, Union City, NJ: *Planning Study*
- Cathedral High School, Springfield, MA: *Feasibility Study/Student Recruitment Assessment and Strategic Counsel*
- Dominican Fathers, Province of St. Joseph, NY, NY: *Advancement Program Counsel*
- Dominican Nuns of Summit, Summit, NJ: *Feasibility Study and Capital Campaign Counsel*
- Dominican Sisters of Hope, Ossining, NY: *Development Program Assessment, Search for Director of Development and Development Program Counsel*
- Freedom House Foundation, Glen Gardner, NJ: *Comprehensive Development Program*
- Guardian Angel Parish, Allendale, NJ: *Capital Campaign Counsel*
- Hampden-Wilbraham Regional School District, Wilbraham, MA: *Communications Initiative*
- Immaculate Conception Parish, Annandale, NJ: *Planning Study and Capital Campaign Counsel*
- Julie's Family Learning Program, Inc., South Boston, MA: *Major Gifts Program*
- Kingston Public Library, Kingston, MA: *Strategic Planning and Annual Appeal*

- Lowell Catholic High School, Lowell, MA: *Advancement Office Assessment*
- Merrimack Valley Hospice, Lawrence, MA: *Capital Campaign Counsel*
- New Jersey Veterinary Foundation, Hillsborough, NJ: *Strategic Planning/Board Retreat*
- Niagara University, Niagara, NY: *Campaign Counsel*
- North Shore Music Theatre, Beverly, MA: *Strategic Counsel*
- Notre Dame High School, Easton, PA: *Development Program Counsel*
- Oneida Tribe of Indians of Wisconsin, Oneida, WI: *Feasibility Study*
- Our Lady Help of Christians Parish, Newton, MA: *Planning Study*
- Palisades Medical Center Foundation, North Bergen, NJ: *Capital Campaign Counsel*
- Project Morry, White Plains, NY: *Feasibility Study*
- RENEW International, Plainfield, NJ: *Development Program Assessment*
- Ronkonkoma Cenacle, Inc. (Cenacle Retreat House), Ronkonkoma, NY: *Planning Study*
- St. Aloysius Parish, Pottstown, PA: *Planning Study and Capital Campaign Counsel*
- St. John the Evangelist Parish, Philadelphia, PA: *Capital Campaign Counsel*
- St. John's Episcopal Cathedral, Denver, CO: *Feasibility Study and Capital Campaign Counsel*
- St. Helena's Parish, Edison, NJ: *Capital Campaign Counsel*
- St. Joseph's Parish, Belmont, MA: *Planning Study*
- St. Joseph's Parish, Medford, MA: *Planning Study and Capital Campaign Counsel*
- St. Raymond's High School for Boys, Bronx, NY: *Planning Study, Development Program Assessment and Capital Campaign Counsel*
- St. Theresa of Lisieux Parish, Sherborn, MA: *Planning Study and Capital Campaign Counsel*
- Trinity Episcopal Church, New Haven, CT: *Planning Study and Capital Campaign Counsel*
- West Bergen Mental Healthcare, Ridgewood, NJ: *Capital Campaign Counsel*
- Westwood Public Library, Westwood, MA: *Feasibility Study and Capital Campaign Counsel*
- Zion Episcopal Church, Wappingers Falls, NY: *Planning Study and Capital Campaign Counsel*

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