As presents pile up under the tree this holiday season, charitable donations also amass. Surveyed Larimer County nonprofits reported monumental increases in donations in November and December, compared to other months in the year. Though this phenomenon is often attributed to a last-ditch effort at tax incentives, many charities said it’s the spirit of the holidays and a passion for organizational mission that drives year-end giving.

Larimer Humane Society, a local animal shelter that takes in thousands of domestic and wild animals each year, received $383,591.74 in donations from 2,434 donors and grant sources in December 2012. The month was rivaled only by June of last year, when the shelter’s efforts during the High Park Fire generated $378,329.50 in donations from 4,871 donors and grant sources to support emergency animal housing and other fire-related expenses.

Bob Francella, Larimer Humane Society director of development and community relations, said he’s “been in fundraising a long time” and has seen a consistent tie between emotions and financial giving. “I’m sure for some folks the tax situation plays an important role, but I still contend that it’s really not a primary reason people give,” Francella said. “I think there’s just something about the spirit of the holidays. And when people realize that we take in a new animal every 20 minutes in our shelter with a 90 percent live release rate, it touches people emotionally.”

Amy Pezzani, executive director of the Food Bank for Larimer County, said nearly 40 percent of all donations come in November and December each year.

Like Francella, Pezzani gives little credit to tax incentives as a donation motivator. “I think most people donate purely in a philanthropic sense, to help someone in need,” she said. “It is just more top of mind this time of year.”

At least 68 percent of the Food Bank’s annual online donations come in November and December, Pezzani added.

Only one organization surveyed by the Coloradoan said tax deductions play a primary role in year-end donation. Richy Lynn, executive of Homelessness Prevention Initiative, a rental assistance program that allocates up to $300 a year per person in emergency rental assistance to prevent homelessness, said many donors increase year-end giving to take advantage of tax incentives.

The Great Recession is over, but nonprofits in Colorado and across the nation still are struggling to reverse fundraising declines that began in 2008.

Among the 400 largest nonprofits in the United States, only half are raising more than they did in 2007, according to a study by the Chronicle of Philanthropy. The top nonprofit, United Way Worldwide, has lost more than 16 percent of private donations since 2007, and raised $3.9 billion in 2012, less than 1 percent more than it raised in 2011.

Fundraising among nonprofits of all sizes is uneven in Colorado, too. Nearly 58 percent of the state’s nonprofits reported that they will meet or exceed their individual donation goals. More than 34 percent expect to fall short, according to a survey just released by the Colorado Nonprofit Association.

“Most will meet their fundraising goals this year,” Colorado Nonprofit Association CEO Renny Fagan said, “but a big number will not.”

Nearly 77 percent of Colorado nonprofits logged increased demand for services this year. But more than 22 percent cut back programs, and nearly 17 percent turned away clients.

Food pantries have been hit particularly hard because of recent cuts in benefits from the Supplemental Nutrition Assistance Program, formerly called food stamps. About $5 billion will be cut in fiscal 2014, affecting about 47 million people. For a family of four, benefits will drop to $632 per month from $668.

“We’re seeing increased demand,” said Kristi Adams, board president of Community Food Bank in Grand Junction, which last year served nearly 17,000 people in Mesa County. “However, we have not regained any of the corporate funding we used to receive before the downturn, and our individual and church donations remain significantly down.”

The food bank’s revenues plunged nearly 30 percent the past three years, to $85,267 in fiscal 2013 from $120,496 in fiscal 2010.

They are among 66 percent of Colorado nonprofits that plan to try new fundraising strategies in 2014.

“We’ve created a marketing committee and a fundraising committee to help us address some of these concerns,” Adams said.

At Caring Ministries in Fort Morgan, the lack of affordable housing — combined with cuts to SNAP benefits — has triggered increased demand for the group’s homeless shelters and emergency food pantries. The September floods made things worse.

“Many of our individual donors redirected their funds toward the flood recovery instead of supporting us,” executive director Debora Beck-Massey said.

The floods harmed many Colorado nonprofits, according to the survey, with 17 percent saying donations have dropped because donors redirected their giving. About 76 percent said they have experienced no change in donations, although results are not yet in from the traditional giving season of December.

Across the country, there has been an 8 percent decrease in charitable contributions since the recession hit, according to the 2013 Giving USA Report from the Lilly Family School of Philanthropy at Indiana University. About $316 billion was given in 2012, down from $344 billion in 2007.

Experts estimate that it will take about seven years for charitable giving to return to pre-recession levels.
“People are (reluctant) to part with their money unless they think the economy is stable,” said Michael James, development director for the Colorado branch of Volunteers of America.

This year, VOA fared better with fundraising, with two successful events, including the annual Western Fantasy gala that raised $300,000 in a single night — more than the record high of $200,000 in 2006.

In fiscal 2013, VOA raised $4.2 million, about the same it raised in 2008, up from $3.9 million in 2011.

“The jury is still out,” James said. “But there are very positive indicators that people and companies seem to be moving in the right direction.”

Big Brothers Big Sisters of Colorado has gotten back to its pre-recession fundraising level and expects about 4 percent growth next year, CEO Dave Ryan said.

“It’s slow, steady growth but not huge growth,” he said. “We’re seeing enormous growth in the S&P and Nasdaq, but is that really translating to increased philanthropy? I’ve not seen that yet.”

About 11 percent of survey respondents said they planned to restructure to get fundraising back on track. JEWISHcolorado CEO Doug Seserman thinks he knows why.

“Nonprofits have boards that are very invested with their financial and emotional resources, so it’s very hard for them to really change when they’re so connected to that,” he said.

His organization — formerly called Allied Jewish Federation of Colorado — faced this tough decision. The recession, combined with changing demographics in the Jewish community, led to a 20 percent decrease in revenues from the annual fundraising campaign, down to $10.1 million in 2012 from $12.5 million in 2008.

In October, the nonprofit emerged from a three-year strategic planning effort with a new business model and a new name.

JEWISHcolorado combines the former federation and the Jewish Community Foundation, which was the federation’s endowment and planned-giving section.

In fiscal 2013, total financial resource development increased to $19.8 million, up more than 7 percent from $18.4 million in 2011.

“Had the downturn not happened,” he said, “I’m not sure we would have felt the urgency or had the courage to change in the evolutionary way that we think we have.”

24 hours to give where you live

Last year Colorado Gives Day raised $15.4 million in 24 hours for nonprofits in the state. The 2013 online campaign starts at 12:01 a.m. Tuesday. For more information, go to coloradogives.org.

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More than $95,000 was donated to the organization last December, while other months ranged from just more than $8,000 to just less than $40,000.

“We feel that credits and deductions can be highly motivating for certain donors, and we definitely welcome the win-win scenario that benefits the community and the donor.”

Wildlands Restoration Volunteers Development Director Sarah Egolf said the number of donors during the holiday season is more telling than the actual dollar amount of financial contribution. While each donation tends to be smaller in the holiday season, Egolf more donors come out of the woodwork to donate to their preferred cause.
“A big donor will donate whenever they want,” she said. “But for other donors, it’s more of a seasonal thing. The cause is really the main driving reason they give.”

More than 50 percent of WLRV donors donate to the environmental organization spanning Larimer and Weld counties, are made in December. Egolf said she believes the increase is mainly driven by the holidays and online giving efforts such as Colorado Gives Day, which ends at midnight Tuesday.

Colorado Gives Day is a 24-hour online fundraising event created to encourage Coloradans to “give where they live,” said regional director Paula Mills. Mills said Colorado Gives Day occurs annually in the beginning of December to take advantage of a “time when people are naturally thinking about giving.”

More than $37 million has been raised for more than 1,200 Colorado nonprofits in the past three years of the effort, she said. This year, more than 1,400 nonprofits are participating, including more than 90 from Larimer County. Giving ends at midnight Tuesday. To capitalize on an already philanthropic season, Mills said all credit card processing fees are covered — allowing 100 percent of donations to directly benefit local charities — and corporate sponsors have added donation incentives.

Larimer County nonprofits and their supporters are eligible for an additional $32,000 in local prizes funded by El Pomar and Boettcher Foundations and local sponsors Woodward and Bohemian Foundation.

While financial donations are among the most recognized for giving, organizations that accept in-kind donations also can see an increase in donations during the holiday season.

Homeless Gear, a Larimer County nonprofit dedicated to serving varying stages of homelessness, saw the highest item donations in January, March and December 2012. December ranked the highest for item donations to the group, with an estimated monetary value of $142,000. David Rout, program director, said the organizations are counted as they’re distributed, not donated, but that most items are distributed within the same month (if not week) they’re donated to the nonprofit.

Rout attributes the increase in donations both to colder temperatures, as the organization has a street outreach program to provide survival supplies needed for cold nights, and the holiday season. Homeless Gear distributes items through outreach, distribution events, the Sister Mary Alice Murphy Center for Hope and more than 40 other organizations serving homelessness across Colorado.

“Turnover is fast,” he said. “It is not unusual for us to distribute things the day we receive them.”

While tax incentives don’t seem to be a huge incentive in financial or in-kind donations in Larimer County, deductions are available for both. Heather Holmes, founder of GoodHealthwill, said that while some people are unfamiliar with in-kind donation deductions, they can be deducted fairly simply.

GoodHealthwill is based in Loveland, with another site in Greeley, and collects usable, recyclable medical supplies for those who cannot afford them. As of Dec. 6, 2,200 donors have donated items to the organization in 2013, up from 1,500 in 2012. Common donations to the organization include mobility items (wheelchairs, walkers, etc), CPAP machines and first aid supplies, such as knee braces.

Most organizations should provide a tax deduction receipt, to be filled out by the donor. According to IRS regulations, donors are responsible for determining an item’s value and maintaining documentation in case of an audit. In-kind donations valued at more than $5,000 require a third-party appraisal.

“We can suggest values for donated items based on our experience,” Holmes said. “To our knowledge, no one has ever been audited, nor has the IRS ever requested documentation.”

http://www.coloradoan.com/article/20131209/NEWS01/312090078/Larimer-County-nonprofits-Year-end-giving-tied-holiday-spirit-not-necessarily-tax-deductions?gcheck=1
TAMPERING WITH THE CHARITABLE DEDUCTION IS A DANGEROUS GAME

November 30, 2013
By Briggen Wrinkle

As lawmakers in Washington, D.C., work to reform America’s tax code and address our fiscal crisis, America’s charitable sector faces an urgent threat. Congress is considering limits on the charitable tax deduction: a dangerous game that would devastate the nonprofit sector millions rely on for jobs, support and services.

Harmful changes would set off consequences undermining our economy, hitting hardest those who need the most help, shifting more of the responsibility to government to provide vital services and putting at risk billions in private donations that support diverse, worthy causes.

A lasting economic recovery requires a strong charitable sector. The philanthropic sector’s role as a safety net and innovator is more important than ever. Charities rely significantly – and in many cases entirely – on private donations, particularly now as government funding declines and the demand for social services increases.

Charitable giving – and the charitable deduction – represents a lifeline to individuals and communities in need, generating more than $1 trillion every year in the form of jobs and services. One in 10 Americans works for a nonprofit organization, accounting for about 13.7 million jobs receiving about 9 percent of wages paid in the U.S.

Charitable giving’s impact cannot be replicated by government or the private sector. The charitable deduction protects our freedom to create, fund and operate the institutions that make up the fabric of our civil society. Consider what philanthropic support has made possible:

Technology and medications to improve our health, like insulin, the polio vaccine, the MRI, electron microscope and pacemaker.

Educational opportunities such as scholarships and after-school programs.

Access to health services, such as mobile health vans and training programs.

Housing and shelter for the homeless, the abused and the addicted.

Arts and cultural activities that inform and inspire.

Protection of the environment, from land conservation to sustainability efforts.

Civil and voting rights.

Preservation of historic treasures, from museums to historic sites.

The charitable deduction works like nothing else. The charitable deduction is different than other itemized deductions. It encourages people to give a portion of their income to help people in need and support worthy causes. It encourages Americans to make charitable contributions – more often and in larger amounts – than they might otherwise do.
According to Giving USA, those who itemized their charitable contributions were responsible for 81 percent of total estimated giving (nearly $229 billion) by individuals in 2012. For every dollar a donor gets in tax relief for his or her donation, the public typically receives three dollars of benefit. It's unlikely government could find a more effective way to leverage private investment in community services.

Americans support the charitable deduction, because it works. For nearly 100 years, the charitable deduction has served as the bedrock of our altruistic society and is a model for the world. It must continue as a fundamental tenet of our income tax system.

The nonprofit sector represents a vital infrastructure that should not be taken for granted.

Briggen Wrinkle is the executive director of the Community Foundation serving Southwest Colorado. She can be reached at Briggen@SWCommunityFoundation.org.

http://durangoherald.com/article/20131201/COLUMNISTS06/131209980/-1/s