

Give & Take™

News and Ideas for Development Executives of Nonprofit Organizations

The Sharpe Group Announces New Venture

The philanthropic legacies of Holiday Inn founder, Kemmons Wilson, Sr., and legendary charitable gift planning expert Robert F. Sharpe, Sr., will be expressed through a joint venture announced October 1 by the families of these renowned entrepreneurs.

C. Kemmons Wilson, Jr., a Principal of Kemmons Wilson, Inc. and Robert F. Sharpe, Jr., President of The Sharpe Group, are joining forces to offer enhanced financial development and management advisory services to the nonprofit community. Through this partnership, The Sharpe Group will initially expand the company's consulting, training, and creative services. The new venture will provide unique services designed to help ensure the long-term financial strength of America's nonprofit community.

"Our fathers were friends and contemporaries and both enjoyed reputations as industry pioneers," stated Sharpe. "I know they would have liked the idea of joining forces, especially for the purpose of strengthening nonprofit organizations and the people and communities they serve."

"The Wilsons have a successful track record in bringing their business acumen, substantial financial resources, clear vision, and professional integrity to their business partnerships. They are equally passionate about giving back to the community," said Sharpe.

"We have observed the success of The Sharpe Group over many years and are very excited to join with Robert in identifying and creating new services for nonprofit organizations," stated Wilson. "We have had a long-term interest in bringing our business expertise to the nonprofit world. The unsurpassed reputation and expertise of The Sharpe Group will be critical to the success of our new business."

Wilson and Sharpe also announced that Thomas R. Dyer has been named CEO of the new venture. Dyer is the former managing partner of the Memphis office of the law firm Wyatt, Tarrant & Combs, LLC and is actively involved in the Memphis not-for-profit community.

"Tom is a very strategic thinker and a gifted executive," noted Wilson. "His experience in overseeing the regional growth of the Wyatt firm will serve us well as Sharpe's services are expanded and new professionals join the team."



Robert Sharpe, Jr., and Kemmons Wilson, Jr., look forward to providing enhanced services to the nonprofit community.

"I look forward to assisting Robert in the administration and management of The Sharpe Group and our new ventures as he continues providing leadership and insight for the nonprofit community as well as further developing and building the consulting, training, and marketing services of The Sharpe Group," said Dyer.

In addition to Dyer, the company also announced that John Jensen, a nationally recognized gift planning and nonprofit management consultant, has joined The Sharpe Group as a Senior Vice President and Consultant based in the Washington, D.C. area. Triena Stecks, an attorney and formerly Senior Vice President for ALSAC/St. Jude Children's Research Hospital, will join The Sharpe Group as a Senior Vice President and Consultant based in Memphis. It was also announced that Kristin Croone, an attorney and philanthropic gift expert formerly with The Community Foundation of Greater Memphis, has joined The Sharpe Group as a Consultant. See page 4 for more information on the newest members of The Sharpe Group. [G&T](#)



Who is making non-cash gifts?

A Closer Look at Non-Cash Gifts

Most experienced fund-raising professionals have some familiarity with non-cash charitable contributions. Oftentimes, this type of gift is routed to a senior development officer under the omnibus clause in their job description: "and such other duties which may be assigned." Collections of various types, art, antiques, and automobiles may be offered as well as publicly traded securities and real estate. Such gift opportunities frequently surface during the busy year-end giving season.

It may sometimes seem that non-cash gifts are more trouble than they are worth.

But have you ever wondered about the importance of these gifts in the overall scheme of things? According to a first-time study conducted by the IRS, gifts from individuals who itemized their tax deductions and made non-cash gifts valued at \$500 or more totaled \$37 billion in 2003. According to IRS Form 8283, where gifts were reported, over half of the total amount contributed fell into three categories: securities, real estate, and clothing.

Sources of Non-Cash Gifts		
Type of Gift	Value in Billions	Percent of Total
Securities	\$13.7	32.2%
Real Estate	\$5.9	16.0%
Clothing	\$5.8	15.8%
Other	\$11.5	36.0%

Source – IRS 501 Bulletin

With real estate and securities values generally increasing since 2003, it is likely that non-cash gifts exceeded \$40 billion last year and may well increase again in 2006. Record high stock market levels may well serve to increase these totals. To put this in perspective, in 2005 gifts to higher education from all sources totaled just under \$26 billion.

As we enter the year-end giving season, it may be useful to study additional information about this important type of gift. According to the IRS:

- The average stock contribution was \$79,279.
- Less than one-third of the contributions were made to foundations (that percent may increase in 2006 and coming years because of Warren Buffet's contributions).
- Non-cash contributions increase with the age and income level of the donor.

Types of gifts

All told, there were nearly 6 million tax returns reporting over 14 million non-cash contributions. In addition to corporate stock, individuals contributed over \$1.65 billion in mutual funds and other investments. Another 2,179 returns reported contributions of conservation easements valued on average at \$688,000 for a total of \$1.5 billion above and beyond other gifts of real estate. Over 800,000 individual tax returns reported gifts of automobiles or other vehicles valued at \$2.35 billion. The average amount claimed was almost \$3,000, well below the \$5,000 value required to obtain a qualified appraisal to support the deduction under the rules applicable in 2003. Note that provisions included in the Pension Protection Act of 2006 apply to gifts of automobiles, boats, and airplanes valued at \$500 or more, which may limit the donor's charitable deduction to the amount that the charity receives if the item is sold. The charity is to report this amount to the donor on Form 1098-C or other statement within 30 days of the sale of the vehicle.

The most popular non-cash gifts reported were clothing and household items. Over 4 million returns claimed deductions for clothing, and almost 2.5 million claimed deductions for other household items. The combined total of contributions for these categories exceeded more than 10 million gifts valued at approximately \$9 billion dollars, an average of \$900 per deduction.

In addition to the gifts of publicly traded securities reported on side A of Form 8283, almost 100,000 other contributions greater than \$5,000 were reported on side B. Securities and clothes reported on side A of Form 8283 were valued at \$12.7 billion and \$5.8 billion, respectively, while real estate and easement contributions were the largest dollar volume

Give & Take:

A client service publication published monthly since 1968 by The Sharpe Group, 6410 Poplar Avenue, Suite 700, Memphis, TN 38119, (901) 680-5300. Fax (901) 761-4268. E-mail info@sharpenet.com or through our Web site at <http://www.sharpenet.com>.

The publisher of *Give & Take* is not engaged in rendering legal or tax advisory service. For advice and assistance in specific cases, the services of your own counsel should be obtained.

Articles in *Give & Take* may generally be reprinted for distribution to board members and staff of nonprofit institutions and other non-donor groups. Proper credit must be given. Call for details.

© 2006 RFSCO, Inc.

SHARPE  GROUP™

Editor:
Elizabeth H. Smithers

Design:
Amy Criswell

Continued on page 6

Sharpe Seminar Series

Featured Seminar: An Introduction to Planned Giving

This information-packed seminar offers an in-depth introduction to the process of charitable gift planning in today's complex environment. It is designed for those who are assuming responsibility for planned giving for the first time as well as those who have multiple duties and are looking for guidance in the best ways to spend what may be limited time and budgetary resources on planned giving.

Beginning with an overview of various types of fund development efforts and the role of gift planning in achieving greater success, this seminar examines the personal priorities of donors at different stages in life

and explains how gift planning vehicles can help remove obstacles to larger gifts from donors of all age and wealth levels. Practical guidance on gift acceptance and valuation policies, program planning, budgeting, and implementation of effective gift planning efforts in programs of various sizes will be presented.

This seminar will prove useful to senior development managers and those responsible for other funding efforts, in addition to those who wish to expand their duties to concentrate more effort in charitable gift planning now or in the future. [G&T](#)



Upcoming Seminar Training Dates

On the Agenda for 'An Introduction to Planned Giving'

Day One

- Introduction to the Planned Giving Process
- Understanding the Life Cycle of Donors
- Basic Planning Considerations
- The Charitable Tool Box—Part One
- The Charitable Tool Box—Part Two
- The Gift Planning Matrix

Day Two

- Introduction to Property Gifts
- What Is the Gift Worth?
- Gift Acceptance Policies
- Marketing Planned Gifts
- Cost-Effective Planned Giving
- Putting It All Together

See www.sharpenet.com/seminars for a complete agenda and dates for this and other Sharpe seminars.

What Attendees Are Saying About 'An Introduction to Planned Giving'

"The Sharpe Group and their professionals have opened my eyes to the complete 'big picture' of how to, what to do, and what to expect in planned giving."

—H.C. "Buzz" Dixon, Family Connection, Inc., Anderson, IN

"The speakers knew their subjects and had good examples based on their experiences; content material was well integrated and reinforced from speaker to speaker."

—Karen Crenshaw, University of Pittsburgh, School of Dental Medicine, Pittsburgh, PA

"This is the most worthwhile professional conference I can remember attending."

—Mr. Chandler Battaile, Association for the Preservation of Virginia Antiquities, Richmond, VA

"The personal experience of the presenters is invaluable. Their ease and confidence make it very easy to pay attention."

—Kate Hoffman, Foundation for LSU Health Sciences, New Orleans, LA

An Introduction to Planned Giving

Chicago
October 30-31
Washington, D.C.
January 22-23, 2007

Managing Planned Giving Relationships

Washington, D.C.
January 24-25, 2007

Major Gift Planning

Washington, D.C.
November 6-7

Philanthropy in Times of Change

New York
November 16-17

Multiple registration discounts are available. For more information or to register, please contact The Sharpe Group. Phone 1-800-238-3253, ext. 5360 Fax 901-761-4268 Web site: www.sharpenet.com E-mail: seminars@sharpenet.com

Meet New Sharpe Team Members



Tom Dyer

Tom Dyer is CEO of The Sharpe Group. He previously served as long-term legal counsel for Sharpe. With over 40 years of legal experience, Tom was formerly managing partner of the Memphis office of the law firm Wyatt, Tarrant & Combs. He serves on the boards of a number of nonprofit organizations and is presently board chairman of Crichton College and the Boys and Girls Club Foundation.

Tom is a member of the American, Tennessee, and Memphis Bar Associations. He has authored numerous articles for legal and financial publications and has lectured at educational seminars. Tom earned his J.D. degree at the University of Tennessee.



Triena Stecks

Triena Stecks is joining The Sharpe Group as a senior vice president and consultant. An attorney, Triena most recently served as a senior vice president for St. Jude Children's Research Hospital. During her twenty-year tenure at St. Jude, she served as general counsel and investment advisor prior to successively serving as head of gift planning, head of direct marketing, and head of corporate funding.

She holds bachelor's and J.D. degrees from the University of Memphis. Prior to her service at St. Jude, Triena practiced law and worked for four years in the Trust Division of a major bank.



John Jensen


John W. Jensen, CFP, is senior vice president and a consultant for The Sharpe Group based in the Washington, D.C. area. With over 35 years of nonprofit development experience, John works with charitable organizations and institutions in Washington, D.C. and across the country to design and implement effective charitable gift planning programs. He is a frequent speaker at national gatherings of gift planning professionals and has served as a columnist and on the editorial advisory board of a number of planned giving publications.

A Certified Financial Planner, John was formerly the development vice president at The Nature Conservancy and National Wildlife Federation. In both cases, he was responsible for major expansions of both its direct marketing and planned giving programs. He served four years in the Maine House of Representatives and was the founding chairman of Earth Share.



Kristin Croone

Kristin Croone has joined The Sharpe Group as a consultant. An attorney, Kristin most recently served as director of planned giving and legal counsel for the Community Foundation of Greater Memphis for six years.

A graduate of Vanderbilt University and Case Western Reserve University Law School, Kristin was formerly a tax consultant at Coopers & Lybrand (now Price Waterhouse Coopers) and practiced law with a Memphis firm specializing in tax and estate planning. She brings in-depth gift and tax planning experience to The Sharpe Group. 

The PPA—Before and After

In last month's issue of *Give & Take*, we explored the IRA rollover charitable provisions of the Pension Protection Act of 2006 (PPA). The bill also contains other provisions that will affect charitable organizations and their donors. Let's look at some of the other provisions of the PPA.

Before PPA

After PPA

1. A contribution of cash or a check under \$250 did not require the donor to provide a receipt for tax deductibility purposes.

Contributions of cash or a check for any amount now require documentation for tax deductibility purposes—for those gifts under \$250, a cancelled check or bank record or a receipt from the charitable organization is required. The receipt requirements are the same for gifts of \$250 or more.

2. Gifts of conservation easements could offset taxes by 30% of adjusted gross income. Donors could carry forward any excess deductions for five years.

Gifts of conservation easements can offset taxes by 50% of AGI. Donors can carry forward any excess deductions for 15 years.

3. Contributions of clothing and household items were generally deductible at their fair market value.

No charitable deduction is allowed for a gift of clothing or household items unless the items are considered to be in good used condition or better.

4. The contribution of a facade easement of a building in a historic district was deductible as a qualified conservation contribution.

To qualify for deductibility as a conservation contribution, the easement donation must preserve the entire exterior of the historic building—not just the facade—and prohibit any alterations of the exterior that are inconsistent with the historical character of the exterior.

5. A contribution of food inventory by a business was generally deductible at the business's cost basis, or the food inventory's fair market value if less than the cost basis.

A contribution of food inventory by a business is deductible at either the business's cost basis plus one-half of the profit if the food had been sold or twice the business's cost basis, whichever is less.

6. A contribution of book inventory was generally deductible at the business's cost basis, or the book inventory's fair market value if less than the cost basis.

Contributions of book inventory to public schools qualify for enhanced deductions for donating businesses. [G&T](#)

Non-Cash Gifts...Continued from page 2

on side B at \$5.4 billion and \$1.4 billion. Together, these four categories of non-cash gifts totaled some \$25.3 billion. Even though Congress has been studying what some consider abuses of conservation easements, the Pension Protection Act of 2006 provides enhanced treatment for certain contributions by farmers and ranchers.

Income considerations

The chart below indicates trends based upon income levels.

Income Ranges	Number of Returns	Non-cash Gift Amount (in billions)
Under \$50,000	1,281,419	\$3.07
\$50,000-\$74,999	1,143,419	\$2.84
\$75,000-\$99,999	1,176,846	\$3.47
\$100,000-\$199,999	1,708,465	\$8.16
\$200,000-\$999,999	595,739	\$5.50
\$1,000,000-\$4,999,999	46,350	\$5.09
Over \$5 million	6,413	\$8.77

Source: IRS Individual Non-Cash Contributions, 2003

Taxpayers with incomes from \$100,000 to \$199,999 had the largest number of contributions, totaling 1,708,405 gifts worth \$8.16 billion. There were only 6,413 taxpayers with incomes of at least \$5 million that reported non-cash gifts, but the value of their gifts was \$8.77 billion. Those with incomes between \$200,000 and \$999,999 made 595,739 gifts totaling \$5.50 billion. Those with incomes less than \$100,000 reported gifts worth \$9.38 billion on 3,601,684 tax returns.

Age matters

In general, it appears that the older the person, the larger the value of their non-cash contributions to charity. The total amount claimed and the average value of each gift both increased with age. The type of contributions made also varied with the ages

of the donors. The 65+ age group was more likely to contribute stocks, other securities, real estate, and art and collectibles. Taxpayers in the 45 to 55 age group appeared to give more food, clothing, household items, and vehicles. Those donors age 65 and older contributed over 40% of the total given in spite of the fact that this age group reported the smallest number of gifts of all age groups.

What to do?

With certain exceptions, it would appear that a combination of income and age information will serve as effective tools, when combined with actual gift history data, to help identify your best candidates for larger non-cash gifts. Depending upon the sophistication of an organization's fund development efforts, it may be possible to use different combinations of selections for direct mail versus personal solicitation strategies. [G&T](#)

Editor's note: Sharpe year-end giving brochures with information regarding gifts of non-cash properties have been designed for use as part of a mass year-end appeal, whereas the booklets "Giving Securities," "Giving Real Estate," or "A Guide to Giving" may be targeted to smaller groups or used as part of a proposal or follow-up package. See page 7 for more information on publications that address the benefits of giving non-cash property.

Non-Cash Contributions by Age		
Age	Number of Returns	Average Amount
All Returns	5,958,650	\$6,193
Under 35	825,472	\$2,506
35-45	1,556,680	\$3,934
45-55	1,660,666	\$4,002
55-65	1,228,762	\$5,702
65+	687,069	\$21,916

Source: IRS Individual Non-Cash Contributions, 2003

Footnotes

The Charitable IRA explains new IRA gift benefits

Are you looking for a way to inform your donors about the new opportunities available to those who can now give directly from their traditional or Roth IRAs? If so, consider sending the new Sharpe brochure “The Charitable IRA” to those friends of your organization who may benefit from the IRA charitable rollover provisions provided in the Pension Protection Act of 2006 (PPA).

“The Charitable IRA” explains the new advantages associated with giving IRA assets, including:

- Those age 70½ who make charitable gifts directly from their traditional or Roth IRA can do so tax-free.
- Donors may give all or a portion of their mandatory IRA withdrawals up to \$100,000 per year for 2006 and 2007.
- Persons over 70½ who are not able to benefit from itemizing their tax deductions can give directly from their IRA and achieve the same benefits as if their gift was fully deductible.
- Donors over 70½ who are receiving social security income may give gifts directly from their IRA without increasing their adjusted gross income and possibly subjecting their Social Security income to higher levels of taxation.
- Those with retirement assets in other types of plans, such as a 401(k), may be able to transfer assets to an IRA and then make their charitable gifts.

Because these IRA provisions are limited to gifts made in this year and next, time is of the essence. Communicate with your donors now about how the PPA could help them give from retirement plan assets.

To view “The Charitable IRA” brochure and other Sharpe materials that feature IRA rollover gift information, check the Sharpe web site at www.sharpenet.com/irarollover. If you have questions or want place an order, call 1-800-238-3253.




Publications help encourage non-cash gifts

Most donors are well aware that charitable organizations accept and appreciate outright gifts of cash. Cash gifts are the most popular charitable gift and have been for many years. However, gifts of non-cash properties have continued to increase in recent years. (See page 2.) Are your donors as familiar with the many types of gifts other than cash that they may contribute to your organization?

To educate and motivate your constituency about the benefits of non-cash gifts this year-end, consider stocking your gift planning library with a variety of publications from The Sharpe Group. Remind your donors about giving from assets they may have overlooked as potential gifts with the following booklet titles: “Giving Securities,” “Giving Through Retirement Plans,” “Giving Real Estate,” and “Giving Through Life Insurance.”

Written in clear, understandable language, each booklet informs donors about why they may want to consider giving various non-cash assets—potential income and capital gains tax savings, preserving cash for other needs, the ability to make a larger gift than the donor may have thought possible, and other benefits.

If you would like to educate year-end donors of larger amounts with more comprehensive giving information, consider the Sharpe booklet “A Guide to Giving.” This booklet features helpful examples that show donors how to give various types of property to maximize tax and other benefits. This booklet also introduces readers to popular planned giving options.

You may personalize any of these booklets with your organization’s logo and contact information on the front and/or back covers. For more information about incorporating booklets on particular non-cash gift ideas—or the more comprehensive “A Guide to Giving”—into your year-end efforts, please call a Sharpe representative at 1-800-238-3253. 



News and ideas about The Sharpe Group’s services.



THE SHARPE SEMINAR SERIES

Upcoming Training Dates



2006

October

An Introduction to Planned Giving Chicago/Oak Brook Oct. 30-31

November

Major Gift Planning Washington, D.C. Nov. 6-7

Philanthropy in Times of Change New York Nov. 16-17

2007

January

An Introduction to Planned Giving Washington, D.C. Jan. 22-23

Managing Planned Giving Relationships Washington, D.C. Jan. 24-25

February

An Introduction to Planned Giving Chicago/Oak Brook Feb. 12-13

Managing Planned Giving Relationships Chicago/Oak Brook Feb. 14-15

Major Gift Planning Washington, D.C. Feb. 22-23

The Sharpe Group

6410 Poplar Avenue, Suite 700, Memphis, TN 38119

1-800-238-3253, Ext. 5360 • Fax: (901) 761-4268

E-mail: seminars@sharpenet.com • Web site: www.sharpenet.com