

Encore

A Spotlight on Philanthropy in the
Performing Arts

Alexander Haas
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

First Things First



April 23, 2020

www.fundraisingcounsel.com



G. Douglass Alexander, a Founding Partner of Alexander Haas, left this world on April 6. He was a southern gentleman who made a lasting impression on those he met with his passion for excellence, dry and sarcastic sense of humor, his knowledge of how to guide nonprofits to success, and his basketball hook shot. Our hearts are with his family. Doug retired from Alexander Haas in 2007, but his legacy lives on here at the firm that bears his name and with the thousands of clients the firm has served and continues to serve.

[Read about Doug's life and legacy here.](#)



from the desk of
Carl G. Hamm | Managing Partner, Museums & Performing Arts

The Arts in the Time of a Pandemic

As we send this newsletter, we know that our readers are living through unprecedented times of personal and institutional upheaval. Seasoned executive directors and development officers may have managed their organizations through the major economic downturns of the past 20 years, but this is an entirely different moment, balancing the unknowns of the economy and markets, the impact

of cancelling performances and seasons indefinitely, furloughs and layoffs, and concern for our employees' health and well-being.

We are sensitive to the difficult challenges that our performing arts friends and colleagues are going through. In that spirit, we write to offer a few topical recommendations for these extraordinary times.

Know Your Story Before Asking: There is often pressure in moments of crisis to go directly to the step of "asking people for money," bypassing the important process of first articulating why you need a donor's support - not just superficially, but in a respectful and meaningful way. Yet, with the information we have, there is no way of knowing how this crisis is ultimately going to impact our budgets and programming. All institutions are discussing, on some level, financial projections based on reopening dates that extend into and after the summer. Donors can't expect that you have a crystal ball, but it is important that you can articulate and share the various financial scenarios, the impact each situation would have on your programming and staffing, and how their gift would help in these circumstances before rushing out to ask.

Keep Your Closest Friends Close: Many organizations have found success in asking subscribers and ticket holders on a mass scale to consider converting their purchases into a donation. But all organizations also have a small group of donors who are genuinely and emotionally committed to its success, deepened through years of generous personal giving. Because we don't yet know how this crisis is ultimately going to unfold, it may be premature to ask these donors for a gift, especially if this would be the first communication of substance that you've had with them in some time. In this moment, it is especially important to stay in personal touch with this special group of friends and let them know how things are going for your organization before asking for a gift. With everyone homebound, including them, this is a perfect moment for ongoing relationship building a perfect opportunity to find out how they and their families are also coping with this situation. Then, when the time comes to ask, they will be informed, engaged and primed to make their best gift possible rather than one given out of reaction to a crisis solicitation.

Giving through Donor-Advised Funds: Given the continued volatility of the markets, some donors may be skittish about sending outright gifts from their discretionary income. Remember that some who have contributed to donor advised funds over time may have built up a meaningful balance in their DAF and could direct a special gift without affecting their current assets. A good place to start would be to print out a list of all donors who have given through a third-party vehicle in recent years and to review the list for those that might be candidates for such a special gift when the time is right.

As we navigate these uncharted waters, know that all of us at Alexander Haas share your concern for how our current circumstances will affect our arts organizations' financial sustainability in the short term and over time. It is our belief that the organizations that take the time to develop and put into place a thoughtful, rational fundraising plan with the flexibility to adapt to changing circumstances have the greatest opportunity for long-term success. Do know that we are here to offer our support and advice and help in any way we can as we all manage through these difficult times together.

COVID-19 Impact on the Arts

Breaking News on Round Two Funding for COVID-19 Aid

Congress should be approving round two of the **Paycheck Protection Program** this week, authorizing \$310 billion in additional aid. The program is intended to benefit small businesses, including non-profit organizations, by helping them cover payroll and operating expenses.

Round One exhausted its funding in less than two weeks, and funds for Round Two are not expected to last long, in part due to the number of applications in the pipeline when Round One funding ran dry.

[The NonProfit Quarterly wrote about](#) the experiences of several nonprofits in seeking Round One funding. One of the best pieces of advice:

- **Move quickly**, and, if you can, make your request through a smaller local lender such as your community bank. And, if you don't have a relationship with a local bank, ask your board members or key volunteers.

Americans for the Arts created a COVID-19 impact survey to measure the financial and human impacts that the spread of the coronavirus has had on the arts since Jan. 20, when the first US case was reported. The survey uses three impact categories: Loss of admissions revenue, Loss of non-admissions income, and, unexpected new expenditures (new cleaning and disinfecting protocols, adoption of new technologies, cancellation fees). The survey opened March 13 and has received responses from more than 11,500, 75% of that are nonprofit arts organizations.

Nationally, financial losses to the nonprofit arts sector are estimated to be \$4.5 billion as of April 6 (up from \$3.2 billion on March 20). Additional findings include the following:

- 94% have cancelled events
- 29% have used financial reserves
- 34% have reduced creative workforce (artists)
- 23% have reduced staff - 43% report that it is "likely" they will reduce staff (28% say "extremely likely")
- 24% have reduced salaries/payroll
- 69% expect this crisis to have a "severe" impact on their organization (36% expect an "extremely severe" impact).
- 47% have increased their online presence (e.g., live streaming of events, museum collection freely available online)

The **COVID-19 Impact on the Arts Survey** is ongoing and arts organizations are encouraged to re-take the five-minute survey every three to four weeks to accurately capture the growing impact of coronavirus on their organization. The five-minute survey is available to take online [here](#), and results can be tracked using this interactive online dashboard.

NPT, 4-20

In other COVID-19 News....

A coalition of national arts organizations launched a \$10 million relief fund in support of artists facing financial emergencies due to COVID-19. The **Artist Relief Fund** will provide unrestricted grants of \$5,000 every week to 100 artists facing financial emergencies through the end of August. The grants may be used flexibly to meet recipients' most pressing financial needs and enable them to continue their creative practice. The fund also administered the survey featured above. *PND, 4-10*

State Humanities will award more than \$500,000 from the **National Endowment for the Humanities** to cultural institutions affected by the COVID-19 crisis. Funds can be used for operating expenses including salaries, rent, and utilities. Applications will be open until April 30 so reach out to your state humanities for more details. Awards will be announced in May.

Gaylord and Dorothy Donnelley Foundation awarded \$2 million in expedited funding for general operating support at 175 of its arts grantees in the Chicago metropolitan area and another 40 groups in South Carolina's lowcountry. *COP, 4-14*

On a somber note, **Anne Bass**, a philanthropist who donated millions to ballet groups, art museums, and schools in Dallas and New York, died on April 1. She was 79. She was the former wife of the Texas oil tycoon Sid Richardson Bass. *COP, 4-4*

News You Can Use

It Bears Repeating Stimulus Bill Includes Help for Arts Organizations

The \$2 trillion stimulus signed by President Trump, expands the charitable deduction to all taxpayers for a year, makes nonprofits eligible for federal loans that could be largely forgiven, and boosts tax incentives for corporate giving, according to nonprofit analysts. The stimulus bill will allow nonitemizers to deduct up to \$300 in cash giving for the 2020 tax year.

It also includes provisions that will benefit nonprofit organizations. In particular, the bill includes \$75 million each for the National Endowment for the Arts National Endowment for the Humanities.

For those who itemize, the bill lifts the cap on annual giving from 60% of adjusted gross income to 100%. For corporate charitable giving, the bill raises the annual limit from 10% to 25% of taxable income. The cap on deductibility of food donations from corporations would increase to 25% of taxable income, up from the current 15% cap.

[Go here](#) to get more information about how the stimulus bill will benefit nonprofit organizations.

#GivingTuesdayNow

GivingTuesday announced **#GivingTuesdayNow**, a global day of giving and unity, set to take place on May 5, 2020 as an emergency response to the unprecedented need caused by COVID-19. The last GivingTuesday, 12-3-19, generated \$2 billion in giving, just in the US alone.

It's just a couple of weeks away. Time to start alerting your audience and organizing your appeal.

[Go here](#) for help with making the most of the opportunity.

We'd Like You to *Know*....

Transforming *Institutions*

We are proud of our long history of providing fundraising consulting services to performing arts organizations.

[Check out our past and present *clients* here.](#)

Face It: Arts Organizations are Different Our Transformational *Fundraising Services*

Alexander Haas serves a cross section of performing arts organizations throughout the country. We specialize (and delight in) what makes you distinctive. As an arts institution, you have different needs at different times. We can help you create real results.

[Read all about them!](#)

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