



First Things First



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from the roving desk of
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Dealing With the "80/20" Rule: Why Not Take All Of Me?

In thinking about the athletic seating deduction/counting issue arising from the recently passed tax legislation that disallowed as a tax-deductible gift 80% of the "gift" that athletic departments required individuals to pay for the privilege of purchasing season tickets, I am reminded of the title of the jazz standard so frequently recorded: All of Me. It begins with "All of me. Why not take all of me?" Let me explain why I am reminded of it, and bear with me, as I know I will tread some well-worn territory.

1. When these athletic seat licensing required contributions were initially introduced, they were frequently and largely treated as a gift, a charitable contribution, as it related to donors and could be fully or largely counted by Universities as gifts for VSE purposes and in campaigns and yearly total giving amounts. Thus, even though there was some awareness that this "gift" had an element of quid pro quo, that is, there was a benefit returned to the donor. What was not clear was the exact value of that benefit. What was the true value of the gift? Each institution was to make a good faith estimate of that for itself, which many institutions felt was nearly impossible.
2. Congress, through tax legislation, set in stone the quid pro quo portion of the "gift." It determined that 80 percent of that "gift" or required contribution would be considered a charitable contribution and 20 percent would not. Why this amount? Just because - it was an arbitrary determination. With that legislation, how the required contribution was reported for gift (IRS) purposes changed, with only 80% qualifying as a gift for IRS purposes. With that change, came changes in how the required contribution was also counted in giving totals for universities, with most following the split enacted by the legislation. Remember, this 80% had no rational or logical basis. It just was a means to determine the quid pro quo element of the "gift."
3. The new tax legislation, enacted in 2017, disallowed for tax purposes including

any of the required contributions as a charitable gift. It was determined that 100% of the fee was for quid pro quo.

4. That new classification of the required contribution as a non-charitable contribution led CASE and VSE to disallow the counting of that 80% in reporting fundraising and campaign totals.

[This had two immediate effects....](#)

Grace and Civility **UVA President** **Teresa A. Sullivan's** **Leadership**

The eighth and first female president of the **University of Virginia, Teresa A. Sullivan**, is completing her last few weeks on the job. It is hard to believe that an institution as old as UVA (founded 1819) has only had eight presidents; however, its founder did not see the need for the position. In fact, until the last century the faculty and Board of Visitors led the school. And given the controversies this president has endured, that may not have been such an unwise decision for those early years. An article by S. Richard Gard Jr., editor, the University of Virginia's 2018 summer magazine issue, *Virginia*, explored Sullivan's presidency and provided a timeline of all the newsworthy tragedies and difficulties she tolerated or presided over these past eight years.



I will admit my bias. I am a fan of Terry Sullivan. I've followed her trials, tribulations, and successes. I have read her letters, articles and those about her. A self-described "incrementalist,"

[Sullivan explained in the article her definition of that descriptor:](#)

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Team Member Spotlight: John Taylor

Meet **John Taylor**, Partner with Alexander Haas. As a Partner, John applies his extensive background in development to serve a wide variety of clients. For over 30 years, he has served as a leader in the field of advancement, campaign management, and board development and has helped nonprofit organizations around the world to enhance the operational aspects of advancement and assist them with strategic and campaign planning, preparation and execution.

In this month's **Team Member Spotlight**, John shares what inspired him to join the Alexander Haas Team, why he loves helping others and his favorite go-to resources for news and information in the fundraising field.



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