

INFP

**Getting the Message Out
Through Social Videos**

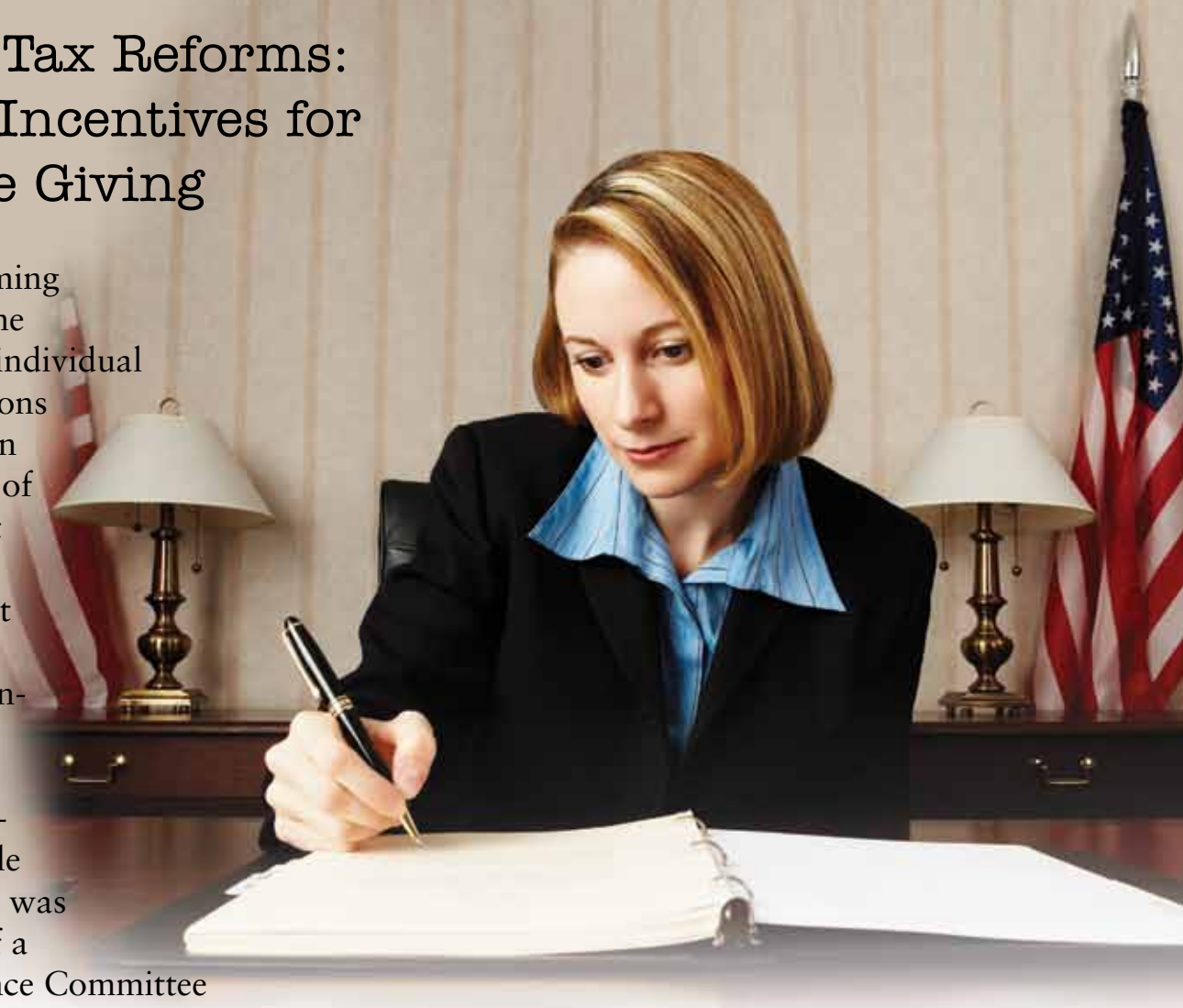
**Prospect Research:
Customized Fundraising
for Better Results**

Proposed Tax Reforms: Effect on Incentives for Charitable Giving

Ideas for reforming the Federal income tax treatment of individual charitable donations have recently been proposed as part of an ongoing effort to help overcome rising government deficits. To what extent gifts to non-profits might be affected if the current tax incentives for charitable giving are altered was the main focus of a U.S. Senate Finance Committee hearing held on October 18, 2011, called "Tax Reform Options: Incentives for Charitable Giving."

Among the reforms discussed at the hearing was capping the charitable deduction for individuals earning more than \$200,000 at a tax rate of 28%, rather than the

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Getting the Message Out Through Social Videos

Nonprofits have long been aware of the power of moving images to inspire and motivate potential supporters. But, only recently has the opportunity to distribute self-produced videos to a wide audience become feasible for smaller organizations. With today's technology, producing short films is easy and relatively inexpensive, and these videos can be viewed by thousands, or even millions, of people through online networks. If your nonprofit has a compelling story to tell, you may want to consider communicating through social videos.

The reach of online video is expanding rapidly. According to a report by ComScore in September 2011, 182 million U.S. Internet users watched online video content for an average of 19.5 hours per viewer, with 39.8 billion videos viewed in the month of September alone.

If you want to inform the public about the work your group is doing, or appeal to potential donors, consider how videos would fit into your organization's public relations and marketing strategies. The branding and graphics should be in line with the overall look and tone of your current campaigns. While funny or shocking online videos are often popular, a video that diverges sharply from your organization's professional image could alienate donor prospects. At the same time, you may want to avoid simply relying on "talking heads" to convey your mission. Images of your group in action matched with successful outcomes are more interesting to watch than a spokesperson describing your group's activities. So, unless the goal is to make a documentary, the videos should generally be brief and to the point.

While there are many ways for users to access online videos, typically they are distributed through hosting websites, such as YouTube, Vimeo, or Blip.tv. These sharing services allow you to upload your videos and then make them available for streaming through a variety of sites, including your organization's website and social media channels, such as Facebook or Twitter. If your video makes a strong impression, viewers will share their opinions with friends—at no cost to you.

To improve your chances of attracting a larger audience, be sure to include appropriate tags when uploading your videos to hosting sites.

You may also want to encourage viewers to discuss what they see, especially on Facebook or other social networking sites. The feedback you receive can be useful in measuring your marketing efforts, and for developing future video content.

If the video is intended to encourage viewers to make donations, include information about how and where to donate, and post a link to your group's website alongside the video.



For a video to "go viral," it has to stand out from the masses of online content already available. If the marketing budget allows, your organization may want to hire an online marketing specialist and professional videographer to produce your videos. While an amateur video shot with a camcorder can have a certain appeal, it may not be suitable for the image you want to project for your organization. Software packages that include professional-level video editing and post-production tools are becoming increasingly inexpensive and easy to use. If some staff members or volunteers are skilled in using more advanced video and sound recording technologies, you may want to consider renting equipment by the day. Further, if video production becomes part of your organization's regular marketing strategy, you may want to invest in having an interested staff member attend online videography courses.

To get started, check online for video content by other charitable organizations that perform similar work to your own. Review the audience-viewing statistics and more importantly, research which video-driven campaigns have been the most successful in fundraising. If you find that certain approaches are particularly inspiring, think about how you can use a similar strategy to develop your own video content. ✧

PROPOSED TAX REFORMS: EFFECT ON INCENTIVES FOR CHARITABLE GIVING

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current 35%. The panelists also looked at ideas presented by various tax reform committees, including a plan to allow all taxpayers to claim the charitable deduction, another plan to retain the current deduction but introduce a floor, and a recommendation that the deduction be replaced with a nonrefundable credit for all taxpayers, with or without a floor.

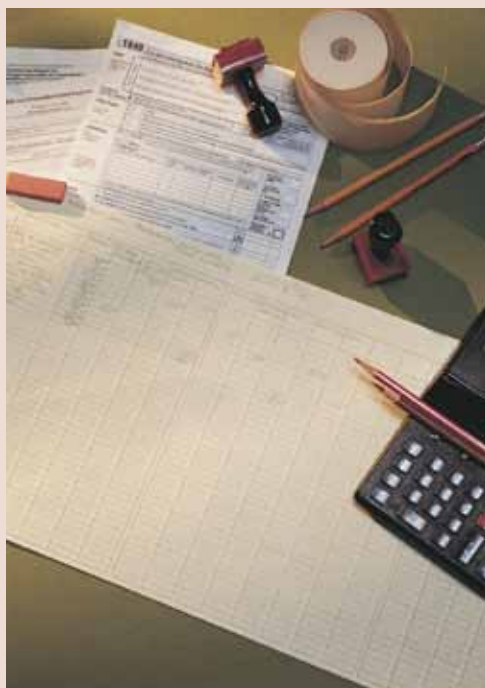
In an opening statement, Senate Finance Committee Chair, Max Baucus, said nonprofits have long delivered essential services and benefits to communities, and emphasized that “in these tough economic times, the role of nonprofits becomes even more important.”

However, Baucus also pointed out that the nonprofit sector predates the tax code, and that, currently, most Americans cannot claim the charitable deduction because they do not itemize. “It is the obligation of this Committee to ensure that nonprofits uphold their commitment, and it is our duty to make sure the tax code encourages charitable donations in the most efficient way possible,” Baucus said.

Frank Sammartino, assistant director for tax analysis at the Congressional Budget Office (CBO), presented the results of the CBO’s analysis of various options for altering the income tax treatment of charitable giving, such as retaining the current deduction for itemizers but adding a floor, with only contributions in excess of the floor being deductible or eligible for a tax credit. The analysis also looked at other scenarios, including allowing all taxpayers to claim the deduction, with or without a floor; and replacing the deduction with a nonrefundable credit for all taxpayers, equal to 15% or 25% of a taxpayer’s charitable donations, with or without a floor.

In addition, the CBO study examined what would occur if the floors were set at various

fixed dollar amounts or percentages of income. The analysis showed, for example, that donations would rise by an estimated 1% if all taxpayers were allowed to claim the current deduction, but that the total tax subsidy would increase by 13%; while proposals that combine a deduction for all taxpayers with a floor would both increase donations and decrease the tax subsidy. Although replacing the current deduction with a 25% tax credit would increase donations, it would also increase the government’s forgone revenues. The analysis further indicated that combining a 25% credit with certain contribution floors could, depending on the floor, boost donations while reducing the tax subsidy, or decrease donations by a small percentage while reducing the tax subsidy by a large percentage.



However, Brian Gallagher, president and CEO of United Way Worldwide, warned that even a small reduction in the amounts donated could have a big impact on not-for-profit organizations. “For United Way, we calculated that a mere 2.5% reduction in revenue would result in 1.3 million fewer times that we can provide job training services for an unemployed worker, home care for an

elderly citizen, service supportive housing for a single mother, or a mentor or tutor for an at-risk young person,” he said.

Gallagher observed that Americans give for a variety of reasons, and commented that it is rare for someone to make a charitable donation only because of a tax incentive. “But tax incentives are often a factor in how much someone donates,” he added.

Therefore, Gallagher concluded, the Committee should be considering ways to provide additional incentives for charitable giving, rather than thinking about ways to reduce these incentives. ♦

Prospect Research: Customized Fundraising for Better Results

Growing numbers of nonprofit groups are conducting prospect research to help target potential donors. While larger charities have long engaged in prospect research, the technological tools for gathering donor information to analyze and use in fundraising campaigns are now accessible to smaller organizations. Prospect research services and software programs can provide nonprofits with extremely valuable information about a prospective donor's wealth, personal interests, and philanthropic history.

Generally, a code of ethics is followed accessing and analyzing only publicly available data. Pertinent information about people who frequently make charitable donations, and are active members of the business and philanthropic communities, tends to be accessible in newspaper articles, biographical directories, census data, donor surveys, annual company reports, financial statements, stock market holdings, real estate records, or social networking sites.

External research services compile donor information in databases, and offer specific kinds of data to nonprofits seeking to identify or screen potential donors. Your organization may want to consider analyzing its internal data for the gift-giving patterns of existing donors and their networks to expand the list of prospects.

Prospect research software can be used not only to screen donors, but also to categorize donor lists, which can help fundraisers to refine their strategies. It may also offer regular updates to alert your organization to any important changes in the profiles of current or prospective donors.

By estimating the current wealth of potential donors and gathering data about their personal interests and past history of charitable giving, your organization may be more effective in tailoring fundraising efforts for better results. ✧