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Here's what individual giving looked like last year

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Chris Ocken Photography

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Kathleen Spiess started 2018 with a slight feeling of trepidation. Spiess, vice president of development at Morton Arboretum in Lisle, had $3.1 million more to raise to reach the $63 million goal for its Growing Brilliantly fundraising campaign. Donations from individuals had accounted for the bulk of the $59.9 million raised since the campaign's 2014 debut, and that's why Spiess was a bit anxious. The new tax code took effect last year, and it nearly doubles standard deductions, to $12,000 for individuals and $24,000 for married couples. Spiess, like other fundraising professionals, suspected that the higher deduction might cut into individual giving, as it ostensibly eliminates the tax-driven incentive to give. "We had some concerns about what might happen, and uncertainty, too," Spiess says.

The campaign closed at $73 million, nearly $11 million more than its goal. Individual giving rose by 20 percent, and leadership giving, pegged at $1,500 or more annually, also grew. The arboretum also closed 2018 raising $5.1 million for new campaign initiatives and $8.7 million in annual support, all without spending more on donor relations. "We were smart about it," says Spiess, noting that the arboretum ramped up communications to donors.

Time for nonprofits to breathe a sigh of relief? Not quite. "Information on giving for 2018 is still anecdotal," says Peter Fissinger, CEO of Chicago-based Campbell & Co., which consults to nonprofits. "Some (nonprofits) will meet and exceed goals, and others will struggle." This year will present its own challenges, namely an almost-sure-to-slow economy. "There's a direct relationship between the economy and giving," Fissinger says, noting that charitable contributions come from discretionary income. But, he adds, even the Great Recession of 2007-09 did not decrease philanthropic giving, pegged at $410 billion for 2017. It merely slowed its growth.

Giving to Aspire, a Hillside-based nonprofit that helps children and adults with disabilities, increased 15 percent in December over the same month a year earlier, says CEO Jim Kales. "It could be that this tax change is a disincentive, but you also have a strong economy, which is a big factor in giving," he says. For its last fiscal year, ended last June, total giving was up 20 percent. The organization's annual budget is about $11 million, and about a quarter comes from fundraising, as opposed to grants or contracts. Kales also credits deft work from his development staff for a steady increase in giving to Aspire over the past 10 years.

WHEN A FOUNDATION ISN'T RIGHT

Nonprofits that experienced an off year last year "probably needed to do more to focus on individuals anyway," says Brenda Asare, CEO of Alford Group, which consults to nonprofits. Asare says that most of her clients did well with fundraising last year; those that didn't are just beginning to invest in development outreach to individuals. "They don't have that muscle fully developed yet," Asare says.

Meanwhile, individuals who do give are apparently shifting from checks and credit cards and to gifts from donor-advised funds. Individuals can put any sum of money into a donor-advised fund and then make charitable contributions from that pot of money. It's basically a foundation-like vehicle for individuals who don't have the means to establish a foundation.

A quarter of the individuals who donated to **Chicago Sinfonietta** in 2017 shifted their gifts to a donor-advised fund, a foundation or another vehicle in 2018, says Courtney Perkins, chief operating officer at the organization, which has a $2.5 million operating budget. Year-end giving, a big push for both nonprofits and donors, increased to $38,400 for November and December from $22,500 for those months in 2017, Perkins says. "The timing or pace is different, but overall I am seeing our repeat donors retaining their gift levels," she says.

Along similar lines, donations from donor-advised funds to Jewish United Fund/Jewish Federation of Metropolitan Chicago almost doubled, to $68 million from $30 million a year earlier. Overall, the organization closed its 2018 annual fund $2 million ahead of 2017 and with about 2,000 gifts from new donors last year, says CEO **Steven Nasatir.**

Jill Zimmerman, vice president of development at Greater Chicago Food Depository, has seen two trends. One is a polarization of gifts, with a 29 percent increase in the number of gifts under $500 and a 50 percent increase in gifts of $5,000 or more. Donations from donor-advised funds are up 23 percent in the organization's current fiscal year, which ends June 30. Zimmerman also says that more donors have talked to her about using their individual retirement accounts to make donations. Donors who are 70½ or older might reap some tax benefits from making contributions from their IRAs. And gifts of appreciated stock are on the rise, but it's too early to tell if the total amount is more than last year, she says.

As for the effect of the tax code, "the jury is still out," says Zimmerman. "We don't have any sense of where that is fully yet." As is the case with so many things, time most certainly will tell.

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