SOLICITATION CLINIC

Develop a Repertoire Of 'Increased Giving' Pitches

Let's say your goal is to ask all existing contributors to increase their past year's gifts by 10 percent. How might you word that request? Although you will no doubt couch such an invitation in a more lengthy presentation, it would be helpful to have a menu of one-liners upon which to rely. Here are some ways you might ask for a 10 percent increase:

1. If we can convince 80 percent of our donors to increase their annual support by 10 percent, we will surpass this year's goal.
2. The $250 gift you gave last year was important to us and those we serve. To maintain our current level of services, however, we are asking all contributors to increase their giving by 10 percent this year.
3. If it would be possible for you to increase your gift by 10 percent, you would become a member of our Pacesetters Club, which would include the following benefits ….
4. I'm excited to share that we have a challenge gift in place whereby those who increase their giving by 10 percent or more will have their gifts matched by (Name of Challenger).

Closing Techniques

- **The Readiness Close** checks the prospect's "solicitation temperature." With it you can also find out if you're on the right funding path with your presentation or if you need to change course.

  One advantage to this close is that it doesn't end your presentation but instead tells you what direction to go.

  Examples of readiness questions include:

  - "Does this make sense to you?"
  - "Any questions so far?"
  - "Does it sound like we're on the same page, in terms of what we see for this organization's future?"

CORPORATE SPONSORSHIPS

Avoid Taxable Business Income From Corporate Event Sponsorships

Did you know payments received from the corporate sponsors of your events are often considered taxable income? When a corporate sponsor supplies funding in exchange for advertising or other benefits, there's a good chance this revenue will qualify as unrelated business income (UBI), which is considered taxable by the IRS.

One way to avoid paying costly taxes on revenue generated via corporate sponsorships is to collect qualified sponsorship payments instead. These payments qualify as such whenever a sponsor willingly makes a donation with the understanding that there is no set arrangement or guarantee that they will receive any benefits in return for their financial support. "As long as the acknowledgment or recognition made by the charity of the sponsor meets certain criteria, and the charity does not provide the sponsor with a substantial return benefit, the transaction constitutes as a qualified sponsorship activity," says Mike Batts, managing partner of Batts Morrison Wales & Lee, Certified Public Accountants (Orlando, FL).

When making these distinctions, it is important to understand the IRS's definition of a substantial return benefit. Some common examples of substantial return benefits include advertising; exclusive provider arrangements; goods; the use of services, facilities or other privileges; and exclusive or nonexclusive rights to use trademarks, logos or other designations of the exempt nonprofit.

Perhaps the most blurred lines exist between advertising and mentions of the sponsor's name in the form of permissible recognition. To be sure you are providing only an acknowledgement and thus avoiding the IRS treating an arrangement as advertising, the messaging must not include qualitative or comparative language, pricing information or an endorsement or inducement to buy anything from the sponsor. "A single message that includes both advertising and an acknowledgment is advertising," Batts says.

With careful consideration, corporate sponsors may still have a name presence at the event and on printed materials without resulting in added tax dollars for your nonprofit under the jurisdiction of permissible recognition.

Forms of permissible recognition include:

- Name.
- Slogans or logos that are not accompanied by comparative language or detailed descriptions of the sponsor's goods or services.
- Product lines or ranges of services.
- An "exclusive" sponsor title.
- Contact information including addresses, phone numbers, websites and social media URLs.
- Visuals of products or depictions of services that refrain from implying value.
- The sponsor's brand or trade names.

"Charities should avoid using words like advertising or promotion in connection with corporate sponsorships," Batts says. "They should also have legal counsel knowledgeable about the qualified sponsorship rules draft their corporate sponsorship agreements to ensure the payments they will receive pursuant to the agreement meet the criteria for exemption." Batts adds, "If you want to see good examples of acknowledgments that are not advertising, watch public television. Public television stations are masters of corporate sponsorships."

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