



Princeton Area COMMUNITY FOUNDATION

SUMMER 2014

ON THE WALLS, IN THE ATTIC: MAKING A CHARITABLE GIFT OF FINE ART OR COLLECTIBLES

The Community Foundation and the Friends of the New Jersey State Museum teamed up in May to host a discussion on what valuables make good charitable gifts, and trends in art and collectibles at auction by David Rago of Rago Arts & Auction Center in Lambertville and his colleagues, Miriam Tucker and Sebastian Clark.

Miriam Tucker told the fascinating story of the great New York art dealer Ileana Sonnabend who died in 2007 with a fortune that included works by the likes of Jeff Koons, Roy Lichtenstein, Andy Warhol and Cy Twombly.

Her estate included an anomaly to the IRS: Robert Rauchenberg's "Canyon" a collage that included a feather from a bald eagle, a

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WORKING WELL TOGETHER: COLLABORATION, PARTNERSHIPS AND MERGERS

For years, the nonprofit sector has been in a state of flux. But, for many organizations, one thing has remained constant: the way nonprofits do business. And that's not necessarily a good thing, says one industry expert.

"We need to find ways to shake up the infrastructure of the nonprofit community—I don't think the stars have shined on the sector in the way they have for the private sector," said Judy Alnes, executive director of MAP for Nonprofits, a St. Paul, MN.-based nonprofit consulting and training organization who spoke recently at a professional seminar for nonprofit CEO's and trustees sponsored

by the Community Foundation and underwritten by Borden Perlman Salisbury & Kelly, a Lawrenceville-based insurance provider.

Alnes outlined the factors that necessitate nonprofit "realignments"—a term she pointedly noted was not a euphemism for consolidation or phase-out. Rather, she said, many organizations would benefit from working together on programmatic and administrative functions.

"Running a nonprofit isn't like falling off a bike anymore," Alnes said. "It's a complex business to be in and it helps to have access to a savvy back office."

The problem often begins with an organization moving away from its core mission. "This isn't about always merging or broadening scope," she added. "It's about finding ways to restructure and realign the nonprofit sector so that it can maximize the work it does."

In 2007, immediately prior to the Great Recession, MAP began to identify ways to "shake up" the infrastructure of the local nonprofit community in the Twin Cities so that it could be more powerful, successful, and financially stable. "Our sector was becoming more fragmented and less unified in its efforts to move the needle on many community issues," Alnes said.

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NANCY BECK HONORED AS 18TH ANNUAL “VIVIAN AWARD FOR COMMUNITY SERVICE” WINNER

The Princeton Area Community Foundation presented the eighteenth annual **Leslie “Bud” Vivian Award for Community Service** to Nancy Beck of Princeton at a meeting of the board of the Princeton Adult School on May 7. A public celebration of Ms. Beck and the award will be held at a future date.

The **Vivian Award for Community Service**, established by members of the Princeton University Class of 1942, recognizes a person who exemplifies the late Bud Vivian's commitment to serve the whole of the Princeton community. Bud Vivian often saw the need for community action to solve problems, understood how to generate constructive compromise, and had the tenacity to carry solutions through to completion. Previous winners include Marcy Crimmins, Reeves Hicks, Hank Pannell, Jocelyn Helm, Harry Levine, Ted Vial, Harriet Bryan, Pat Van

Ness, Claire Jacobus, Anne Reeves, William Johnson, Karl Light, Sarah Hirschman, Shirley Satterfield, James Floyd, Jack Roberts, Ray Wadsworth, and Herb Hobler, and Mark Freda.

Nancy Beck gives generously of her time to a wide array of Princeton-area nonprofits where she is never a passive member. She immerses herself in the work of each organization, contributes her leadership skills, creative ideas, energy, and talent for getting things done, well.

Nancy's longest and most sustaining contribution is to the Princeton Adult School, where she served as a member of its Board for over twenty-five years, and its president for over ten. As a trustee, she led the process of creating over 100 courses every semester for adults in the region. She has also been



instrumental in creating two high profile lecture series and finding eminent scholars or nationally prominent experts to share their knowledge. The Adult School program closest to her heart is the program of English for Speakers of Other Languages (ESOL), which attracts hun-

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SAVE THE DATE...

Grant Information Sessions for Greater Mercer Grants

- Monday August 25
- Wednesday August 27
- Friday September 5

All are held at the Community Foundation's office from 9 to 10:30 am
Greater Mercer Grants proposal
deadline: Monday, September 15

Grant Information Sessions for the Fund for Women & Girls

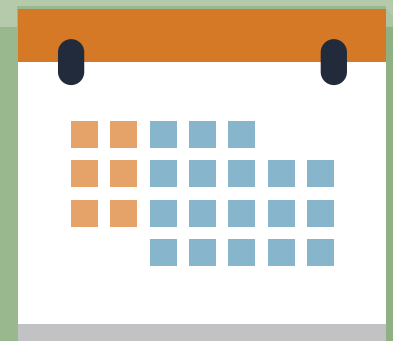
- Tuesday October 28
- Wednesday November 5

Both are held at the Community Foundation's office from 9 to 10:30 am
Fund for Women & Girls proposal
deadline: Friday, November 14

Celebrate Nancy Kieling's 20 years

- Thursday November 6

Greenacres Country Club
from 5 to 7 pm.



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PRESIDENT'S BLOG TO STAY OR NOT TO STAY: THE PROS AND CONS OF BOARD TERM LIMITS

Nancy Kieling, President

As you know, I am interested in the good governance of nonprofits, especially the ones here in central New Jersey. Nonprofits differ in many ways from their private sector peers. Ownership, oversight, and the mechanics of getting things done are all very different because of the active role that trustees play in the functioning and health of individual organizations.

I do quite a bit of governance training and am often asked to address term limits – how long can any one person serve on the board? There is no one simple answer, but I do have an

opinion on the subject.

Term limits are GOOD. No system of governance is perfect, but here are the pros and cons as I see them.

- Trustees are volunteers who carry the extra responsibilities of governance, overseeing an organization in the public trust. It is serious business and commands attention and work. Volunteers are society's good guys, and I never want to see one burn out. Term limits ensure that loyal workers remain active during their term (knowing there is an end) and therefore more likely to remain attached to the nonprofit they have served after their board service is done.

- Term limits help to regularly infuse an organization with new energy, talents, and thinking. I have sat in the room as

new and eager trustees joined our board and I have felt a jolt of new energy come with them. Fresh thinking is key to remaining relevant over time.

- What about long-term institutional memory? Every nonprofit is the cumulative result of the work of many people. Staff, trustees, volunteers, supporters, clients and funders each carry part of the history, and all are responsible in their own way for the success or failure of an organization. To keep former trustees close, encourage them to work on committees, publicly reference their contributions every chance you get, and remind them one-on-one that their good work built current successes.

- And one last thought that we'd usually prefer not to talk about: boards

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ON THE WALLS, IN THE ATTIC

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bird under federal protection. Christie's determined that the heirs to the Sonnabend fortune would be committing a felony if they attempted to sell it. Therefore, the piece could have no market value.

The IRS saw it differently and appraised "Canyon" at \$65 million, generating a \$29.2 million tax bill.

The IRS eventually dropped its claim, but the story is an intriguing illustration of the obstacles in the rigorous process of appraising, selling or donating high-value collectibles.

Ms. Tucker set out the "five actors" in the gift process: the donor; the donee;

the financial advisor, the appraiser and the IRS. She further noted that donors need to keep really good written records - receipts, invoices, the name of the creator and the name of the piece – solid written documentation, to support a gift.

And donee organizations must fit IRS guidelines to maximize the donation for tax purposes - a public and qualified charity that can use the art related to its exempt purpose - and they must also want the object.

Appraisals must be objective, independent, and impartial as the appraiser's responsibility is to the object itself, not to the person paying for it.

Investing in Art

David Rago took the audience on a journey through trends in 20th century art, emerging, waning and resale markets, and when it is the right time to invest.

"Markets come and markets go," Rago said. "Things will always fall in and out of favor. Just remember – it's only a matter of time before they come back."

**For more information,
visit www.ragoarts.com.**

NANCY BECK HONORED

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dreds of students each semester to learn or improve their English in order to support themselves and their families.

Nancy reads each week at Learning Ally. She is on the Board of Dorothea's House in Princeton and contributes program ideas to that important cultural resource. Nancy is a former trustee of the Stony Brook-Millstone Watershed Association, and still collects water samples for testing—in good weather and bad.

Nancy's breadth of interests and quiet but effective problem-solving approach make her an important resource to the Princeton community. She richly deserves thanks and recognition for all that she has done.

The Leslie "Bud" Vivian Award for Community Service is made possible through the **Vivian Memorial Fund**, an endowment fund of the **Princeton Area Community Foundation**. For more information please visit <http://pacf.org/connect/funds/leslie-bud-vivian-memorial-fund>.

WORKING WELL TOGETHER

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To date, MAP has helped more than 200 organizations explore changes resulting in 90 realignments. The work has been the result of financial necessity in the aftermath of the recession, and also to meet an increased need for service from hard-hit communities.

Successful realignments, Alnes said, can take several forms, including:

- **Collaboration:** partnering with other organizations.
- **Administrative Consolidation:** sharing, exchanging or contracting administrative functions to increase efficiency.

- **Parent Subsidies:** finding an umbrella organization that can keep the visibility of the subsidiary while providing a stable back office.

- **Joint Ventures:** providing shared governance, reduced costs, elimination of duplication and economies of scale.

- **Mergers/Acquisitions:** "This is where you can get the most bang for your buck," Alnes noted. It is often best used when a small nonprofit is looking to build power and influence as it grows to scale and broadens its geographical reach.

PRESIDENT'S BLOG

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always struggle with how to manage an inactive or disruptive trustee. Term limits! Yes, term limits can be a helpful tool when things are not going well. A competent board will make a careful assessment after each term, even if its bylaws allow multiple terms, to make sure every trustee is still engaged and happy to serve. Term limits can provide graceful cover all around when continuing service is no longer feasible.

Service on a board is a privilege, and an honor—as well as hard, time-consuming work. Let's make sure that it is gratifying, fun, and a rich source of good thinking and support as it is intended to be.



The bottom line? Organizations should undertake regular self-evaluation to ensure the mission is being met. This requires "curious board members and curious leaders who constantly ask how to move the needle. We have moved away from the time of hunkering down to preserve our own existence," Alnes concluded.

For more information about MAP, visit www.mapfornonprofits.org.