

POSSIBLE (RE)DEFINED

# State of the Industry – Mid-Year Update

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A Fast-Moving Climate Requires  
A New Way of Thinking

AREA OF FOCUS

# Today, We're Covering Navigating Disruption

WELCOME

# Today's Presenters



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EXPLORING NEW AREAS

# Agenda

- Introduction
- Economic Update – Bank Failures and Implications
- Strategy – Development Trends and Considerations
- Opportunities – Green Energy Tax Credits
- Q & A

ECONOMIC UPDATE

# Bank Failures and Implications

Banks – risk or resource?

## Bank Failures – limited damage, lots of insight

- What did we learn?
  - A traditional “bank run” can now, in the internet age, happen overnight
  - \$250K of insured money can feel insufficient
- What should we learn?
  - Financial risk is often a self-inflicted wound
  - Liquidity of bank partners can impact grant payments
  - Regional, community banks are an asset (more than a risk) during uncertain times
- What should you do differently?
  - A few key things - take advantage of this “shot across the bow”
    - Back to fundamentals – cashflow forecasting, investment policy, grant diversification
    - Look for the opportunity

# Cash Management Best Practices

CFOs are expected to make sure money is there when the business needs it

- Cashflow forecast – uses and sources – 13-weeks, update at least monthly
  - Add one-off needs and sources – assign probabilities
  - Contingencies are important – how volatile is your cashflow?

Cash/Investment Management is a balance of risk and operating complexity

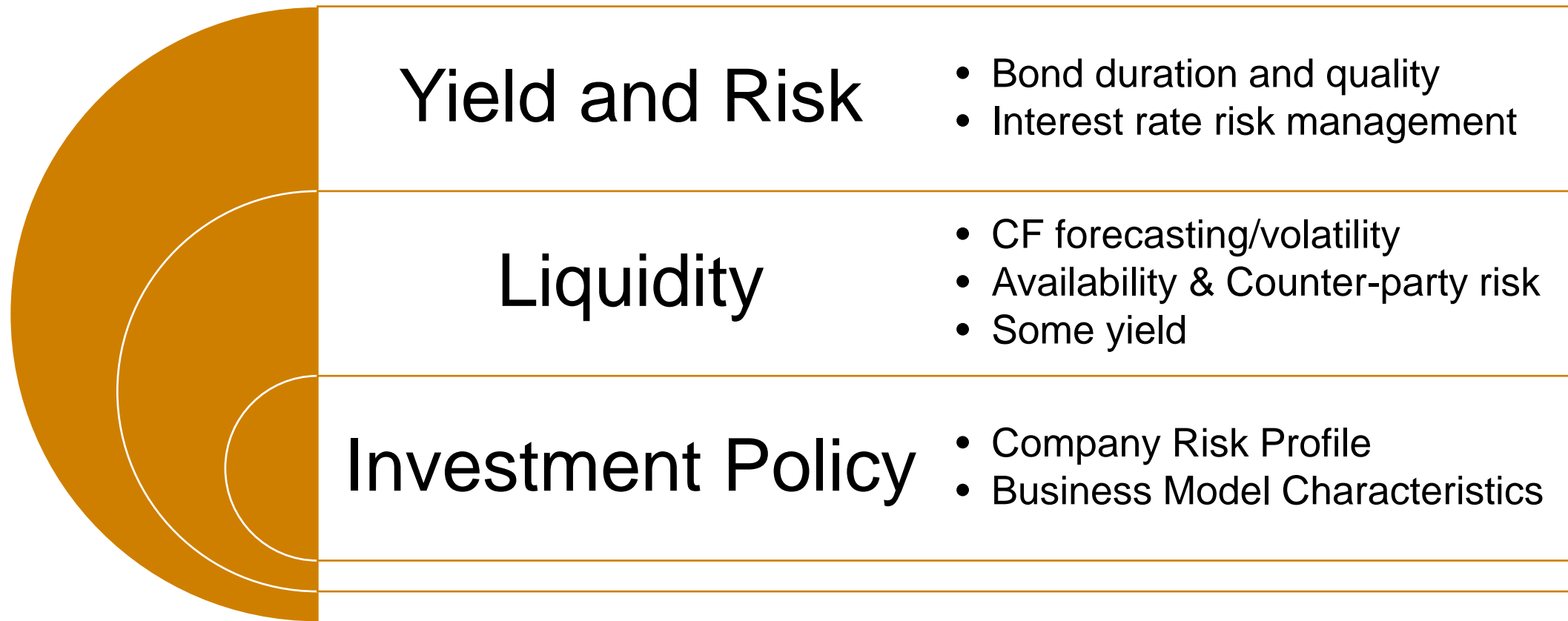
- One bank account with \$2.5M or 10 with \$250,000 are probably not the answers
- Sweep accounts are very helpful, but be careful.....the \$250K FDIC limit is per bank

Cash/Investment Policies – detailed guidance for Boards, CFOs, and vendors

- Quality policies address – what assets, in what amount/proportion, and of what quality/duration
- Hire money management professionals, and another evaluate policy adherence and performance



# Financial tools and processes = more security and income



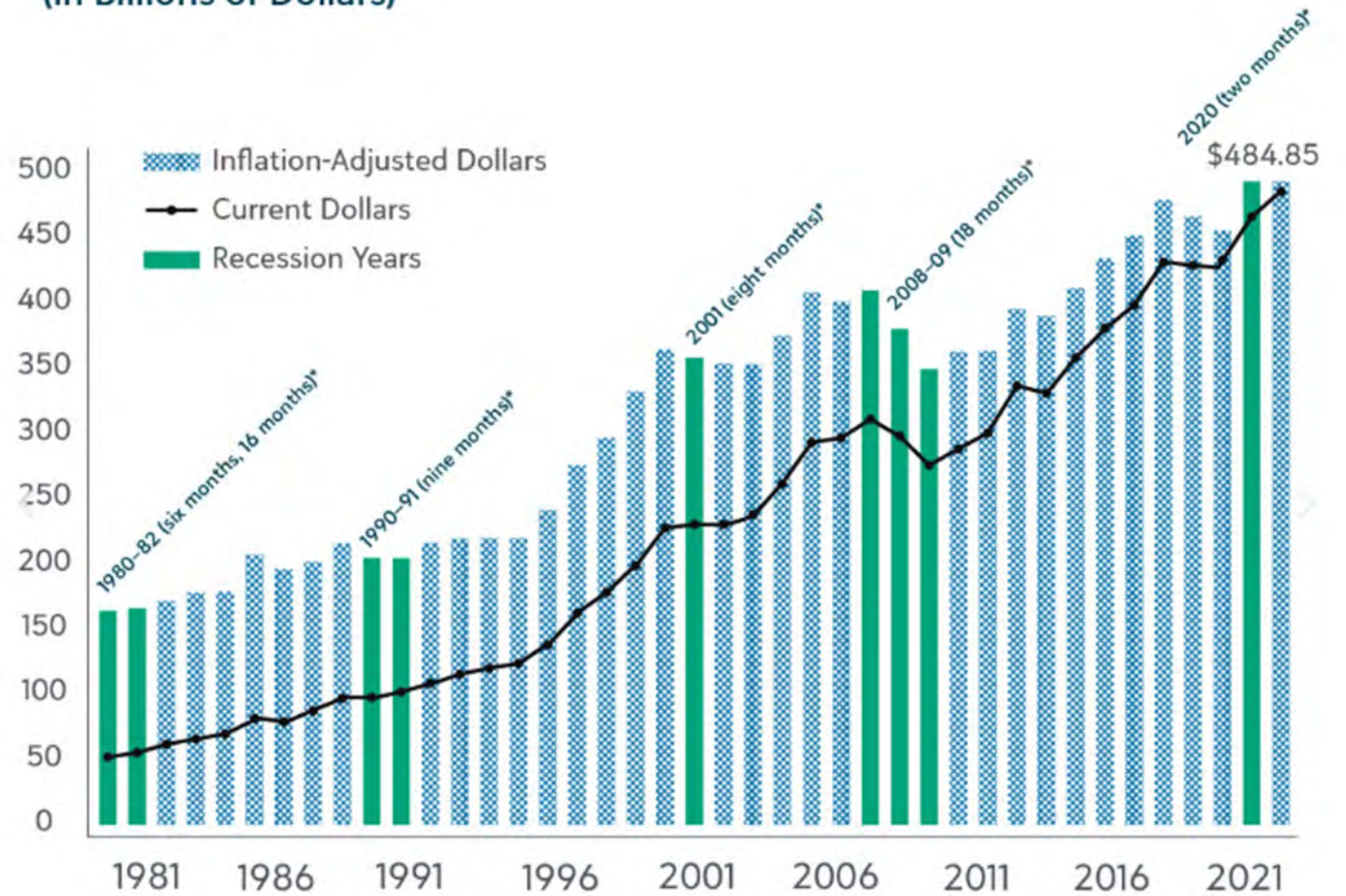
AN EYE TOWARDS THE FUTURE WHILE NAVIGATING THE CURRENT ENVIRONMENT

# Fundraising

# Recessions and Giving

- Correlation exists between economic downturns and giving trends, but philanthropy is resilient
- Total giving has increased or stayed flat annually except for 1987, 2008, and 2009




**Total Giving, 1981–2021**  
(in Billions of Dollars)



Source: Giving USA 2022: The Annual Report on Philanthropy for the Year 2021. The Giving Institute, 2022.

## ENTERING A NEW PHILANTHROPIC ERA

# Giving Trends During COVID and Beyond

	2020	2021	2022
 DONATIONS	Increased 11%, increasing at all levels	Increased 3%, large donors retained from 2020 helped keep growth	Decreased 2%, as donations from large donors significantly weakened
 DONORS	Increased 7%, spurred by growth in new and reactivated donors	Decreased 6%, donors from 2020 not being retained	Decreased 10%, as many donors are not returning from 2020/2021
 RETENTION	Decreased 4%, a continuing trend from 2019	Decreased 4%, totaling 8% since 2019	Continued to decline, dropping 4%

As of Q4 2022, **both** dollars to charity and total number of donors are down vs. prior year. This hasn't happened since 2012.



Source: Fundraising Effectiveness Project

## FUNDRAISING IN AN UNCERTAIN ENVIRONMENT

# Focus on What You Can Control in 2023

### Who You Engage

Donor Retention –  
10x more  
expensive to gain  
new donors than  
retain.

### When You Engage

Donor  
Segmentation –  
not a one-size fits  
all approach to  
stewardship,  
“donor-centered”  
action is key.

### How Well You Engage

Story Telling -  
illustrate clear  
connection to  
current  
environment  
challenges and  
urgent need to  
give.

### What You Ask For

Differentiate Ask  
Approaches -  
monthly giving  
programs offer  
high retention rates  
and reliable  
income streams.

OPPORTUNITIES

# Green Energy Tax Credits

BACKGROUND

# Inflation Reduction Act

**Prior to the Inflation Reduction Act**

- Nonprofits could only claim tax credits against UBIT
- Nonprofits could structure deals to give benefit to a for-profit entity (e.g., power purchase agreements)

**Inflation Reduction Act (8/16/2022)**

- Most credits starting 1/1/2023
- Introduced Direct Pay
- Expanded 179D Deduction

# Current Green Energy Credit

## Most Likely to Affect Non-Profits

Alternative Refueling Property Credit (30C) – Electric Vehicle Charging Stations

Qualified Commercial Clean Vehicles Credit (45W) - \$7,500 to \$40,000

Clean Electricity Production Credit (45Y) – Selling Energy to grid

Clean Electricity Investment Tax Credit (48E) - Solar, energy storage, etc.

## Other Credits

Production Tax Credit (45) – Phasing out prior to 1/1/2025

Carbon Dioxide Sequestration Credit (45Q)

Zero-Emission Nuclear Power Production Credit (45U)

Clean Hydrogen Production Credit (45V)

Advanced Manufacturing Production Credit (45X)

Qualifying Advanced Energy Project Credit (48C)



# Green Energy Credits

## 01 BONUS CREDITS

- 10% bonus for projects located in low-income communities
- 10% bonus for projects that meet domestic manufacturing requirements
- 20% bonus for projects when the facility is part of a qualified low-income residential project
- 20% bonus for projects when the facility is part of a qualified low-income economic benefit project

## 02 COMMON PITFALLS

- Prevailing wage and apprenticeship requirements
- Must meet key prevailing wage requirement
- Apprenticeship – 12.5% labor hours before 1/1/2024 and 15% after 12/31/2023
- Certain credits, failure to meet reduces credit to 6%
- Dollar limits
- EV Chargers must be used in low-income tract areas

## 03 SECTION 179D EXPANDED

- Square footage deduction for “primary designer” which is usually architect
- Now, you can allocate back to the designer (previously just government agency)

# Example

School is looking to add solar panels to a project that will begin December 2023.

\$1,000,000 cost to install solar panels

Initial credit is 30% (Meets the wage and apprenticeship requirements)

Located in a low-income community – Plus 10%

Meets the domestic manufacturing requirement – Plus 10%

Credit total is \$500,000



Follow up Question : Is this producing enough energy to send it back to the grid?

Thank you for  
attending

## Additional Questions?

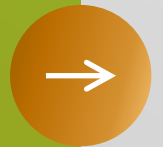
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# Possible *(Re)*Defined™

Delivering impactful, bold solutions that increase clarity  
and spark success for today and tomorrow.