

DEDUCTIBLE GIFTS TO RA PROJECTS?

By William Nicoson

You've got a special interest in one of Reston Association's high-priority projects, such as winterizing and adding a class room to the Nature House at RA's Nature Center, enhancing Reston's streetscapes, closing the missing links in RA's pathway system, providing scholarships for RA's camps and learning programs, or protecting our watershed by RA's efforts to mitigate stream erosion. You're aware that, in the parsimonious tradition of RA boards, all these projects suffer from thin budgets. You care enough to make a contribution to RA to assist the project that's special to you. You might be discouraged to learn that your contribution to improve your community is not tax deductible, at least not at the moment.

RA was created as a non-profit corporation exempt from federal income taxation, but gifts to RA don't qualify the donor for an income-tax deduction. As part of a Strategic Plan adopted on February 26, 1998, RA has now established a non-profit subsidiary designed to permit donors to contribute to RA projects and qualify for tax deductions. Its lawyers and tax specialists believe that the Internal Revenue Service will issue a favorable ruling after directors and officers have been selected, permitting a ruling to be requested.

All of this sounds like good news, but you wouldn't know it from the reaction of some RA directors at their last board meeting. Director Vera Hannigan said that a non-stock corporation, such as the proposed subsidiary, can hide information from the public more easily than a stock corporation. This must have been news to closely-held stock corporations who give the public absolutely no financial information because their only objective is to make money for stockholders. RA is itself a non-stock corporation which opens its meetings and financial reports to the public, and is obviously in a position to require its subsidiary to do likewise.

Ms. Hannigan complained that the Strategic Plan was adopted before she joined the RA board. She told me that "there has been no public discussion" of the Plan. In fact, the Plan has been open to public comment during public hearings on the biennial budget. Director Glen Downing, who often votes with Ms. Hannigan, fears that the RA subsidiary is intended to subvert referendum requirements in the RA bylaws by reducing costs of the Nature House borne by RA members. Yes, for proponents of RA management by costly referenda rather than by directors elected to take political heat for controversial decisions, this may be bad for timorous directors even though it saves money for members.

I've always been uncomfortable with the tag "nay-sayers" applied privately and publicly to the political faction headed by Ms. Hannigan, because I share her view that a conservative fiscal strategy is proper for disbursement of public funds. But in this case, private charitable contributions will ease the assessment pinch for all RA members on much more than the Nature House. I would have expected her to lead the charge for, not against, the RA subsidiary.

In the end, the board unanimously approved a resolution permitting the RA staff to inquire whether candidates suggested by RA's board to serve on the subsidiary's board would accept such an honor. Ah, the power of political patronage.

William Nicoson is a former director of RA and a former publisher of Connection Newspapers.

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