



## **Philanthropy.**

Greek. *Philanthropia*: “kindliness, benevolence, love to mankind.”

Our work investing, in many ways, is diametrically opposed to what we do in philanthropy. We shouldn’t kid ourselves. When we invest, we buy interests in businesses to see returns to ourselves and our inner circle. It is a very important activity, and we undertake it to support our families and those closest to us.

If we are fortunate enough to have our basic needs met, it is natural to consider our kindliness and to pursue some balance between serving ourselves and serving the world. That opens up many interesting questions – the foremost of which is your ability to freely choose exactly what *you* think serves the world. Philanthropy lets you express your most heartfelt values, and ultimately requires more introspection than business and investment.

Personally, I’ve been fortunate to find a cause that is feeding me these days. The organization, based in Idaho, is called the Winter Wildlands Alliance. While it is ostensibly the national conservation group that advocates for the protection of winter landscapes, it also educates

children about snow and the water cycle, and produces a film festival that celebrates the winter environment. Hidden beneath that, however, is a spiritual mission.

Our true cause is a moment of quietude – found at the heart of the coldest season. We seek to preserve and protect the stillness and regenerative energy found when the sun is lowest in the sky; a place and time that is mirrored in the snowflakes themselves. We work passionately and aggressively to ensure that certain lands, particularly our public lands, have limitations placed on the noise, confusions, and machinations that come with the expansion of human activity. We want to honor those sacred places and their native plant and animal inhabitants for their own sake—not simply for the sake of what they provide human beings.

Each of our clients has something that motivates them to act deeply out of love. We stretch and strive to understand these motivations for our clients no matter what they are - but we are also realistic about how much expertise we can actually have on so many different matters. My partner Thomas has unique expertise in the implementation of effective altruism and environmentalism. I have a unique interest in land conservation finance and environmentalism. The common thread – environmentalism – shapes our client relationships and business development significantly.

In philanthropy we approach things differently than we do investing. We encourage people to make bold commitments to their most closely held dreams rather than diversify too heavily. Generally, we think a strategy of philanthropy that revolves around giving small amounts to many unvetted groups is a disservice. It risks watering down your values, and might only have marginal impact if those groups are not operating effectively.

We want to help our clients do philanthropy in a more concentrated way. We start by using everything we can in the tax code to maximize your ability to direct your resources where you want them pre-tax. This is particularly important to us in a political environment that is defunding the agencies that protect our public lands legacy – something even our libertarian sensibilities see as a rightful function of government. We are motivated to work double-time to reduce our payments to the IRS so that we can take matters into our own hands to ensure vital private funding remains to protect the environment for future generations.

Depending on client circumstance, this might involve a multi-year strategy calling on esoteric parts of the tax code that lets us front-load charitable deductibility. The aim there is to ensure your charitable dollars are being deducted at the highest marginal tax rate possible, and also to help you avoid having newly earned dollars break into higher tax brackets whenever possible. This technique can be very helpful to clients experiencing liquidity events in private equity, or other unusual types of income variability.

For Colorado clients we might also explore Colorado Land Conservation Easements, and the tax credits they create to help reduce state tax exposure. In some cases, if we are fortunate to find the right seller, we can save clients 6-10% on their state taxes while also helping finance ranchers who are willing to donate their land development rights to a local or national land trust. Since that capital is at work for a very limited amount of time, implied returns to the client can be excellent and returns to land conservation are extremely material. In recent years this tax credit market has been worth ~\$60 million annually – which is a great deal of land protected in perpetuity.

More recently, I've been fortunate to extend my network after reading books by James Levitt, the Director of the Program on Conservation Innovation at Harvard Forest, and Manager of Land Conservation Programs at the Lincoln Institute of Land Policy. His work and books expose all sorts of opportunities in local, national and international policy that creates markets for conservation activity. His books are a fountain of ideas for conservation minded investors – and have earned a place on the Sankala Group top book shelf.

Perhaps most importantly, we also want to work closely with clients to ensure what they are doing is adding meaning to their non-monetary life as well. Maybe you work with numbers all day and your charitable time is better focused on interpersonal relationships. Maybe you're exhausted by screens so a role in the local community garden would feed back better into your life. Maybe you're ready to commit your own expertise to a non-profit organization and looking for a directorship. We are delighted to help you connect with people and position yourself for maximum impact on your passions.

In a recent conversation with a leading broker of Colorado tax credits, he asked me about my views on socially responsible investing. We discussed that unfortunately the realm has become commoditized. It has too often become a buzz phrase to legitimize the creation of new investment products that carry above market fees. Certainly times have changed since I was introduced to Jack Robinson, the founder of the Winslow Green Growth Funds. Jack started the concept of green mutual funds from a background in refurbished garden tools by way of the Garden Way Manufacturing Company in upstate New York. President of the National Gardener's Association, he didn't approach his work Wall Street first, but rather grassroots first.

Over time this market has matured. It is no longer as simple as placing investment money in such positively screened funds and beating the market because you had in fact discovered a better market. We are now presented with hundreds of options – many of which are terrible on both the finance and motivational sides. As a result, investment advisors need to step up the service side of their work, particularly in philanthropy and tax. We hope that continuing to expand our networks in realms of interest to us – land conservation, climate and water – that

we can create unique and unexpected value for our clients as we grow. Now with \$37+ million in assets under advisement our ability to participate in innovative ideas is expanding.

To close, I want to introduce one final heartfelt idea. When we talk about wealth, one way of quantifying it is to ask “How many years of my current consumption do my financial resources support?” If the answer is many years we consider you “wealthy.” If the answer is not too many years, I think it is fair to say that you are not truly “wealthy.” This calculation has both a numerator and denominator. Basically, what you have/what you spend. We work primarily with people on trying to increase the numerator side of the equation. That important work aside – in my most reflective moments – no matter what angle I look at the issue from, keeping the denominator *what you spend* side both thoughtful and down is critical to our “kindliness, benevolence and love to mankind.” We know that all humans cannot consume at U.S. rates without environmental collapse. Given that, we want to have more conversations with our clients and dear friends about how we might live a full and balanced life with less reliance on consumption.

Some may think that is a very strange idea to build an investment advisory business around – but the world in 2017 provides huge opportunities to those who understand both saving and investment combined with a lower consumption life. There really has never been a better or more auspicious time to live a rich and self-actualized existence. I think sharing and discussing that value system is absolutely fundamental to our work in multi-generational stewardship.



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