

THE ART OF FINANCE

by J. Lee Jacobson

David Gray, right, is not your typical financial planner.

In 1981 he earned his degree in humanistic studies from Johns Hopkins University, which he jokingly refers to as “advanced cocktail party. By taking two courses in every department you specialized in nothing. But if you were at a cocktail party, you could pretty much have a conversation with anyone about anything.”

He moved to New York City after graduation, where he worked in publishing, wrote plays, and then worked as the press director for the New York City Ballet. There he met and married one of the company’s principal dancers, Kyra Nichols.

Meeting Nichols, it turned out, sparked Gray’s interest in another subject that is always a good topic for cocktail party chit-chat: Money.

In the arts even established performers such as Nichols, who retired in 2007 after a highly acclaimed, 33-year career (U.S. 1, April 25, 2007), often have to deal with erratic income. Nichols earned half as much during rehearsal weeks as she earned during performance weeks. During the three months a year she was off, she earned nothing at all.

“What disturbs me about so much of the financial planning literature is that it assumes a regular paycheck, a regular job, and a traditional family,” Gray says. “There are many people like that, and that’s wonderful. But for gay couples, for freelance writers, for students, for real estate brokers even, there

are many people who don’t live on that very traditional income and that traditional model.”

So Gray set himself up for a career in finance, with a focus on nonprofits, which he says often confuse their ideals with the financial realities of the world. He now operates Finance Arts LLC, based at 195 Nassau Street.

Gray finds his clients through word of mouth and through the Garrett planning network, which he belongs to. The network was founded about 10 years ago by Sheryl Garrett and is a network of financial planners committed to charging fees for service, and doing so in a way that is within reach of people with modest means. The network has more than 300 members around the country.

In advising individual clients, Gray follows an hourly fee model, in which he is paid to provide unbiased advice for an individual’s situation. He does not manage their assets directly, nor does he have any products to sell them.

“I have no conflicts of interest and I can be an honest fiduciary to people,” Gray says. “I can put their interests first because I don’t sell anything.”

This was important to him, since he discovered early that the traditional business model of commission sales that many insurance brokers and financial planners use didn’t work for his clientele. “My clients don’t have scads of money sitting around waiting for someone to invest it,” he says. “If they have money, it’s typically in a retirement plan at work — and one of the worst things you can do is

tell them to take their money out of such a plan if it’s giving them great tax benefits and is being used as an investment.”

The financial planning advice he provides spans the range from simple budgeting to guiding people toward their financial goals.

Gray offers potential clients a free get-acquainted meeting, at which he learns about their situation and comes up with an estimate of what it will cost to help them. “If someone really hates to deal with money and they want someone to manage the asset, hand over a check, and say invest this for me, that’s not what I do,” says Gray. “There are many good people who can do that. What I’ve found is there are not so many people who do the other thing, which is to talk you through how it’s going to work. That’s something that we can do.”

In addition to artists, Gray works with many teachers and university employees. Many of his clients have their money tied up in retirement accounts. “They still need advice,” he says. “I’m thrilled to be working with this business model. It allows me to work with the type of people I really enjoy working with and think I can help: Giving good advice to people of reasonable means.”

Gray grew up in Princeton and attended the Princeton public schools. His mother ran the nursing program at Mercer County College and his father ran a small publishing compa-



ny, Visual Education Corporation, that produced textbooks and educational materials.

Gray never expected to return to Princeton. But while living with his wife and child in a one-bedroom apartment in Manhattan, a need for more space combined with a friend’s insistence that his two-year-old child interview to get into the right preschools inspired him to look elsewhere. They needed to remain close to Lincoln Center, since his wife was still performing there. So they pulled out the map and the free babysitting offered by Gray’s parents drew them back. They moved to Princeton 10 years ago, where they raise their two sons, 13 and 8.

After getting married, he wrote a couple of books, including ghostwriting a children’s mystery series (you probably have heard of the series, but he can’t say which one it is). The children’s story he proposed took place in summer, but the publisher insisted he revise it to have a winter theme. “So I spent

David Gray made a life in the New York arts and theater scene. The only thing missing? Money, and appropriate advice for artists and freelancers. So he set out to change that.

a month learning about ice fishing," he says. "When I was doing the research, I made 40 cents an hour on that book. It was that summer that I realized smart people make a career in finance and a hobby of writing, not the other way around."

"I had an interest in money, finance and investing," he says. "I never had a lot of money as a writer, but it intrigued me."

Gray began his financial advising career with American Express Financial Advisers. He then spent several years in leadership roles with nonprofit arts-related organizations, before returning to personal financial planning. "I missed helping people in a very hands-on way that I did when I was doing financial planning," he says.

In 2001 Gray became the executive director of the American Repertory Ballet (which also runs the Princeton ballet school) when a board member of the local dance company was delivering his second child. "In some ways I was a sort of Rorschach candidate because I had a finance background, I had worked in the NYC ballet administration, I was married to a dancer, and I grew up in Princeton," he says.

"Between those things there were enough board members who thought I could probably manage this thing." He started in an interim capacity and stayed for three and a half years.

After returning to consulting, he became an executive director again within a year, this time for the New Brunswick Cultural Center. Again, he started in an interim capacity and was asked to stay.

Now Gray continues to write as a hobby, working on his blog, an almost-completed novel, and other fiction, as well as a forthcoming book on nonprofit cash flow.

And he continues to apply what he learned from nonprofit executive leadership as a con-



sultant. Among the services he provides are business plan reviews, business model consulting, and training and advisory work with boards. He has done trainings for the United Way for board members from small organizations, has worked with environmental groups, and is helping a group in South Jersey

that is considering rehabilitating a theater building.

Gray encourages nonprofits to take a hard look at their budgets and cash flows. "A

lot of nonprofits don't ask the kind of questions that commercial firms typically do," says Gray. "It used to make people crazy when I would refer to our business, because in the nonprofit world, we don't like to think about ourselves as a business. But the reality is, people get paid, payroll taxes have to be dealt with, you pay the rent, you have to deal with all kinds

of expenses — it's a business. It does good work, we're not profitable, but it's a business."

When he entered the nonprofit sector, Gray found that many board members, while passionate about the cause, were never provided the opportunity to learn how their businesses were being run and what the various business models meant. So he began to offer training sessions to boards on what it means to be a board member.

In the same way that individuals can struggle with erratic cash flows, he has seen organizations face similar challenges. He emphasizes the need to analyze funding sources, the need to identify the risks of a single or a few large funding sources, and to budget expenses when income doesn't come in regularly.

In the book on nonprofit cash flow, Gray applies personal finance concepts to organizational financial management. "When I talked to boards about nonprofit finance, their eyes would glaze over," he says. "They believe they don't understand it. When I talked about

Grays at Play: David Gray's wife, Kyra Nichols, a former dancer with the New York City Ballet, was featured in an April 25, 2007, U.S. 1 cover story. Their two boys are 13 and 8.

personal finance, people began to perk up. It occurred to me that if I could contrast and compare personal finance to the organization's finance, the organization concepts become much easier to grasp. So the book goes through personal finance concepts and how they are similar and different in an organization context."

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