

BEYOND CASH: HOW NON-CASH GIVING AMPLIFIES PHILANTHROPY



Cash is king as the source of charitable giving in America.

However, cash is only part of a client's overall wealth. Their asset mix typically includes publicly traded securities, real property, tangible property, life insurance and perhaps non-publicly traded private stock or closely held business interests.

Donors, advisors and nonprofits are increasingly paying attention to these alternative sources for charitable contributions.

The Community Foundation of Broward has the experience, expertise and resources to accept non-cash contributions both during a donor's lifetime and through estate giving. We have found that donors who create endowed charitable Funds often turn to non-cash assets to seed their Funds.

There are several asset options for donors to consider to make a BOLD impact with their philanthropy.

Long-term Appreciated, Publicly Traded Securities

Shares of appreciated publicly related securities, held for more than one year, are straightforward assets to donate. The appreciated stock has built-in capital gain associated with it. If sold, the seller must recognize that gain on which capital gains tax is due. However, if gifted to the Foundation and sold by us neither your client nor the Foundation pay any capital gains tax. The donor will realize an income tax deduction equal to the stock's fair market value on the date of the contribution. Your client will have employed a tax-advantaged strategy to put the stock's full value at work to meet their philanthropic objectives.

Contributing stock can also help rebalance your client's portfolio to realign asset allocation. It can reduce their investment risk. Whatever the reasons for contributing stock, it can be a positive outcome for your client and the charitable causes they wish to support.

Long-term Appreciated Real Estate

An outright gift of unencumbered real estate can be made by your client. The fair market value is based on a timely, qualified and independent appraisal of the property. If gifted to the Foundation, a public charity, the deduction is based on fair market value. However, the deductible value to a private foundation is the lesser of the fair market value or cost basis.

When does it make sense to donate real estate?

Considerations include:

- The property has been held for more than one year and has appreciated significantly.
- It is marketable and with clear title, is debt-free and faces no environmental issues.
- The owner is willing to donate the property understanding that we will negotiate the sale price and process. There must be no binding, prearranged sale agreement on the property.

In certain instances, your client may wish to continue to live in the property by retaining a life estate and gifting the remainder interest to the Foundation.

The charitable deduction is based on the actuarial value of the remainder interest to the Foundation. In addition, there will be a gift agreement to address the prospect of a future sale or accelerated receipt by the Foundation as well as the ongoing expenses of maintaining the property over the life tenancy.

Other Asset Options

Stocks and real estate are only two examples of noncash gifts the Community Foundation can accept. Other examples include:

- Restricted stock.
- Private, closely-held business interests.
- Life insurance policies.
- Tangible personal property, artwork and collectibles.

All non-cash asset donations require proper due diligence and review by the Community Foundation before acceptance as these assets carry greater complexity and require a more disciplined approach than cash. However, they are valuable sources of philanthropic capital for donors as well as the Foundation.

The Community Foundation has the experience and resources to help donors use their non-cash assets to establish their own, personalized charitable Fund for Broward. Our philanthropic expertise will amplify the power of their Fund and enable them to create a legacy of community impact now and in the future.

Our philanthropic knowledge, coupled with your legal, tax and wealth management expertise can help your clients make BOLD and impactful community investments through their Funds.

Let's Get Started.

For more information about how to help your client create a legacy of impact, contact Vice President of Philanthropic Services Nancy Thies at nthies@cfbroward.org or 954-761-9503.