

Community Foundation Donor Benefits



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and a former Board
Member*

We have a long standing and admirable tradition of charitable giving. Over the years, this tradition has been encouraged by the United States' tax code because of the broad societal benefits derived from philanthropy. To the extent to which individuals fund social, educational, and cultural services in our communities, government is relieved of the responsibility of providing those services, our communities are enriched, and citizens have the joy and satisfaction of direct participation in the improvement of society.

An estate planning professional's objective is to help a philanthropically-inclined client develop a program that will achieve the client's donation goals without imposing undue administrative costs and procedures. Charitable gifts can be made in many ways, from the simplicity of writing a check to a favorite charity to the complexity of establishing a private foundation. Writing a check to a public charity in response to requests or when the donor identifies a need is easy, but lacks structure and a long range plan. Creating a private foundation can be daunting. To establish such a foundation, a not-for-profit corporation (or a trust) must be formed and application must be made to the IRS. Once the private foundation is underway, significant technical rules must be followed in its administration. In addition, the gift tax deduction is limited to thirty percent (30%) of adjusted gross income compared to fifty percent (50%) for public charity.

The creation of a fund within a community foundation can be a convenient, efficient way to structure philanthropic goals. A community foundation, such as Dade Community Foundation, is a collection of permanent funds established by generous local families and businesses. A fund may be started with a minimum contribution, and built over time. This enables significant tax planning, because the funds are permanent endowments and because contributions do not have to match distributions. Contributions and distributions can be made any time. For instance, donors can contribute to their family fund when they have unusual amounts of income to be offset by a charitable deduction or when it is advantageous for them to sell an asset. They can make distributions promptly or years later.

The donor can choose from several different types of funds: unrestricted, field-of-interest, designated, advised or scholarship, depending on the donor's interest and the level of investment desired. The Foundation's experienced staff carries out administrative tasks, saving the donor time and expense.

Usually, it is not possible for busy donors to administer a fund, and to review and research community needs. These tasks are part of a foundation's primary responsibility. A community foundation, such as Dade Community Foundation, has special, long range experience in evaluating funding requests. The staff reviews grant proposals and selects the most promising for consideration, while monitoring the nonprofit agencies eligible for receiving grant money. Foundations create projects to serve identified community needs.

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