

dc DADE COMMUNITY FOUNDATION

A Less Taxing Way to Give

News for attorneys, accountants, financial advisors and friends of the Foundation



Ruth Shack
President

Since 1967, Dade Community Foundation has been funding the future of Miami-Dade through the power of endowment. In partnership with donors, the Foundation supports nonprofit organizations with grants impacting a range of emerging issues including children's health, elderly services, early childhood education, mentoring programs, environment, historic preservation, arts and culture, to name a few. Unlike any other charitable organization, Dade Community Foundation is an expert in both sides of the philanthropic exchange -- the Foundation knows its community of donors, and the needs of Miami-Dade. Our ability to match resources to community needs and offer enhanced tax deduction opportunities are distinct benefits for your clients.

Why Work with Dade Community Foundation?

We can help you help your clients.

The Foundation's goal is to help you find the giving vehicles that best meets your clients' needs. Working with Dade Community Foundation offers the opportunity to recommend charitable giving to your clients without recommending a specific charity --by working through the community foundation your clients can support a wide range of charities locally, nationally, and internationally.

As your clients are thinking about charitable giving, there are many approaches they can take. Whether your clients are looking to create a family foundation or scholarship fund, planning a legacy or memorial gift, Dade Community Foundation serves as a resource for you. A menu of giving vehicles, permanent and non-permanent, is available. End of the year gifting can be facilitated through Dade Community Foundation. Your clients can make a contribution establishing a fund prior to the end of the year and recommend grants at their own pace when it is most appropriate or advantageous.

Who we work with.

Dade Community Foundation has been working with the top attorneys, financial planners, accountants, estate planners, insurance planners, brokers, money managers, and other professional advisors from throughout the South Florida area. Area professionals well-versed on the benefits of a community foundation serve on the Foundation's Professional Advisory Committee - an ad-hoc group of community "ambassadors".

As a result, flexibility in meeting the donor's needs and desired level of involvement is a hallmark of Dade Community Foundation. The Foundation offers a number of giving vehicles as well as special initiatives addressing critical concerns. Donors can make an unrestricted gift to the Foundation and enjoy the comfort of knowing their philanthropic dollars are being dedicated to our community's most pressing needs through our community grants program. Donors can establish a fund in support of a specific area of interest like children's health, environment, or the arts or they can set up a fund in support of a specific charitable organization. Another option is an advised fund where the donor can make specific grant recommendations supporting favorite charitable causes. The donor can establish a charitable fund with a contribution of cash, publicly traded securities, closely held stock, real estate, life insurance or they can include Dade Community Foundation in their will.

Lastly, working with Dade Community Foundation in the building of a permanent endowment allows the donor to be a lasting force for good. That is because every dollar donated to an endowment is preserved, not spent. The donor's principal is protected in perpetuity--carefully invested to generate earnings that are used to fund a variety of community programs and services each year. A permanent source of community capital is created, increasing the value of the donated dollars and creating a legacy link between the donor and future generations.

Interested in setting up a charitable fund? Call Dade Community Foundation today - 305-371-2711 or log on to the Foundation's website (dadedcommunityfoundation.org) and visit the "Creating A Fund" section.

Building Permanent Endowment for Greater Miami's Changing Needs Since 1967.

Why create a private foundation when a charitable fund at Dade Community Foundation is a better alternative?

Creating a private foundation can be an exhilarating experience for an individual or family. It is a public affirmation of their philanthropic spirit and a commitment to support worthy charitable activities. Many individuals create private foundations to facilitate their current giving but later discover that the process of managing the foundation's affairs is not as easy or rewarding as it once seemed.

A private foundation that uses Dade Community Foundation's philanthropic services may resolve many management concerns and share a multi-faceted strategic relationship with the Foundation.

Options for Working with Dade Community Foundation

Option 1 Convert the foundation into a Named Fund at Dade Community Foundation by transferring assets.

Option 2 Donate the private foundation's 5% annual required payout into a Donor Advised Fund at the Foundation, a public charity, and make distributions on your own time schedule.

Option 3 Donate the private foundation's 5% annual required payout (or any amount desired) to Dade Community Foundation, to be distributed through the Foundation's community grants program (supporting community needs).

Option 1:

Converting the Private Foundation into a Named Fund at Dade Community Foundation

The passage of time can affect private foundations in a variety of ways:

- Original purpose may have become obsolete or need updating to meet changing community needs.
- Financial factors may make it difficult for a private foundation to serve effectively, as operating costs increase and reduce the funds available for charity. Investments cost more to manage, often by more than 15 basis points, as many private foundations cannot achieve the economies of scale that a large community foundation does.
- Increased government regulations.
- Founder may prefer that his or her children or grandchildren focus on the family's philanthropy, rather than on the foundation's investments and administration.

In any of these situations, Dade Community Foundation may be the most sensible alternative. By transferring one's private foundation to the Foundation, an individual or family can be assured intelligent grant making will continue for decades to come. Whether an individual chooses a Donor-Advised Fund or a Supporting Foundation, the benefits will be the same - reduced administrative burdens (the Foundation manages the paperwork), maximized charitable giving, and assurance that the foundation's work will go on as intended.

With a donor-advised fund, the donor-advisor recommends grants from the fund. Subject to certain legal guidelines, Dade Community Foundation is able to support any Section 501(c) 3 publicly supported charity, school, or church.

The Termination Process for Private Foundations

Section 507 of the Internal Revenue Code permits termination of a private foundation in either trust or corporate form and the distribution of its assets to a public charity. Dade Community Foundation is a public charity and qualifies as a charity to which a private foundation may distribute all of its assets.

Such a termination releases the private foundation from the reporting requirements of the IRS Code, and also terminate the payment of the excise tax imposed on private foundations.

Any legal fees incurred as a result of winding up a private foundation are the responsibility of the individual terminating the foundation.

Option 2:

Donate Your 5% Annual Payout into a Donor-Advised Fund at Dade Community Foundation

On occasion, the trustees of a private foundation may have difficulty meeting the annual 5% payout requirement. Dade Community Foundation can assist by accepting contributions from a private foundation's annual payout. The payout can be placed in a Donor-Advised Fund, Permanent or Non Permanent.

Because the private foundation's contribution to the Foundation is a "qualifying distribution," it counts towards the 5% payout. The private foundation makes one grant (issuing just one check), and Dade Community Foundation then disburses grants to qualified agencies based on recommendation from the donor-advisor. Although a 990-PF form will still need to be submitted to the IRS, it will be much faster and easier to process as there is only one grant recipient (Dade Community Foundation).

The donor-advisor can now partner with Dade Community Foundation on effective, strategic grant making.

Option 3:

Support the Community through the Foundation's Community Grants Program

A community private foundation can meet all or part of its annual payout requirement by supporting Dade Community Foundation's Community Grants Program. This is the Foundation's most general grant making program, supporting community needs as well as specific fields of charitable interests such as education, environment, arts, etc. The Community Grants Program allows individuals and organizations to support many more outstanding non-profit programs than would otherwise be possible by leveraging the Foundation's community grants funds.

This option is most helpful for private foundations that do not have staff or a formal competitive grants program. Donors benefit from Dade Community Foundation staff's analysis of grant proposals.

Additional Benefits

Private foundations that work with Dade Community Foundation benefit from our experience and permanence. Additional benefits include:

- Improved tax treatment for new gifts, under option #1.
- More flexibility with the elimination of excess business holdings and 5% payout.
- Expert grant making services.
- Anonymity for donors or fund committees, if desired.

Below is a chart detailing the benefits and requirements of a private foundation versus a charitable fund at Dade Community Foundation

A PRIVATE FOUNDATION -VS- DADE COMMUNITY FOUNDATION

	PRIVATE FOUNDATIONS	DADE COMMUNITY FOUNDATION
SET-UP PROCEDURE AND COSTS	Must incorporate and apply to IRS for Tax-Exempt status; legal and accounting fees to establish.	Simple Agreement; no start-up fees or costs.
TAX TREATMENT OF CONTRIBUTIONS	Current year tax benefits are limited to 30% of income for cash gifts and 20% of income for appreciated property gifts.	Current year tax benefits are 50% of income for cash gifts and 30% of income for appreciated property gifts.
CONTRIBUTIONS OF APPRECIATED PROPERTY	Federal income tax deduction for appreciated property gifts are generally limited to person's basis, except for appreciated securities.	Federal income tax deduction for appreciated property gifts may be taken at 100% of fair market value.
EXCISE TAXES	2% of investment income annually	No tax on investment income.
INVESTMENT, AUDIT, ACCOUNTING AND TAX RETURNS	Must perform financial and administrative services, or contract or hire staff; annual 990-PF tax return required.	Dade Community Foundation handles all financial and administrative management, files annual tax return and provides annual independent audit for a small annual fee.

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