



COMMUNITY FOUNDATION BOULDER COUNTY

INSPIRING IDEAS. IGNITING ACTION.®

Dear Professional Advisors,

I recently joined a cohort with six other estate planning professionals pursuing the Chartered Advisor in Philanthropy designation through the American College of Financial Services. The goal of this cohort and the credential is to assist clients at a greater level while increasing gifts in support of our community. One of the key takeaways from our learning thus far is that we, as advisors, tend to rush to offering solutions and products rather than taking the time to explore the true motivations for our clients' charitable intentions.



Failing to do this critical exploratory work can lead to movement being stalled, despite our efforts to provide the most relevant and appropriate products and services. Collectively, we can work together to ensure that our clients achieve their charitable goals.

You know your clients. We know philanthropy. Our [Financial Advisor Program](#) creates a partnership that helps you make informed decisions to manage your clients' assets and ambitions.

Warmly,
Lynda

Beyond the tax deductions: Selecting a vehicle to celebrate and support a family's culture of philanthropy

For many donors, the importance of a multi-generational family philanthropy plan is high on the radar, especially in the wake of 2020's eye-opening events. Read about the [Wagers family's philanthropy plan](#) executed through a donor-advised fund at Community Foundation.



How do you know when a client's family is a strong candidate for more formal philanthropic planning beyond simply budgeting for annual gifts to charity? Watch for these candidates among your client base:

- Families who have asked you about multi-generational participation in the family's favorite causes but do not yet have any formalized plans.
- Families who have publicly demonstrated a long-term charitable commitment.
- Families who own a multi-generational family business, creating the opportunity for corporate giving and values to serve as inspiration for the family's charitable plans.
- Families who have the capacity to give more than \$25,000 per year to charity and have expressed or demonstrated enthusiasm and willingness to do so.

A comprehensive philanthropy plan often starts with establishing a structure, typically in the form of either a donor-advised fund or a private foundation. Although there are

benefits and advantages of each, the donor-advised fund option has become increasingly popular because of its favorable tax treatment, simplicity of administration, and flexibility. By contrast, private foundations typically appeal to families who want to engage directly in charitable activities, hire family members as employees to operate the foundation's day-to-day business and receive salaries, run their own grant programs to support individuals, and grant directly to international efforts.

Here are examples of comments you may hear from families who may be excellent candidates to work with the Community Foundation alongside you as their key advisor:

- “We are interested in engaging the next generation of our family in philanthropic conversations, but we are at a bit of a loss as to how to go about it.”
- “We are concerned that families today--including our family--are less community-centered than they used to be. We thought about working with our children and grandchildren on community priorities and deploying philanthropy as a way to communicate our concerns and dreams for the region we all love, but we aren't sure where to find tools and best practices.”
- “As a thirty-something, I have a young family and it is really important to me to be able to engage my kids in the family's philanthropy, working right alongside me, my parents, siblings, nieces, and nephews, and grandparents.”

If you're hearing these and similar expressions of interest from your clients, please don't hesitate to reach out. We are your partner to serve your clients' philanthropic endeavors.

Unlocking the power of clients' real estate: Why the bargain sale is a must-have in your charitable planning toolkit



Whether a nonprofit's mission calls for office space, warehouse facilities, or something in between, most charitable enterprises need a physical location to serve their constituents. Unfortunately, nonprofit organizations are frequently left empty-handed when they search for competitively-priced commercial property to house their operations.

Enter the charitable bargain sale - a giving vehicle that allows a donor to facilitate the

transfer of much-needed real estate to a favorite charity at a price the charity can afford while at the same time earning the donor a tax deduction. The bargain sale, frequently heralded as the earliest charitable giving vehicle, results in the real estate owner serving in both the role of a seller for the cash portion of the sale to a charity and the role of a donor for the donated portion of the property. As is the case with many types of charitable gifts, establishing fair market value of the subject real estate is critical and requires a qualified appraisal that complies with IRS regulations. Establishing the fair market value, in turn, determines the charitable donation portion, which is the difference between the fair market value and the lower cash amount paid by the charity to the donor/seller.

A post-pandemic world may create new opportunities for your clients to consider bargain sales of property to charities. Indeed, nearly \$430 billion in commercial and multifamily real estate debt is **set to mature** this year, opening up conversations about what property is really worth and how owners can most efficiently unlock its value. And, of course, bargain sales are not limited to commercial property. The **U.S. housing market** is estimated to have gained more than \$2.5 trillion in value in 2020 alone bringing the total value of housing in the U.S. to over \$36 trillion.

Tax tips: Qualified appraisals, 2020 tax changes, and holiday parties (not)

Last but not least, here are three of our favorite tax tips for March.

1. For yet another reminder about the

importance of obtaining a qualified appraisal for transactions in order to secure a charitable deduction as well as evidence that the IRS will continue its scrutiny of conservation easements. See the opinion in *Sells v. Commissioner of Internal Revenue*, a Tax Court decision issued earlier this year. (Bonus: On the positive side for the taxpayer, this ruling is an illustration of the type of case where the IRS may agree to abate penalties, even those related to the taxpayer's misvaluation.)



2. If you're having trouble keeping up with changes to the tax laws, you are not alone! If you are a subscriber to the *Wall Street Journal*, we highly recommend its recently-released [tax guide](#). For a guide that does not require a subscription, [Kiplinger](#) offers a helpful summary of the changes effective for tax year 2020.
3. Finally, we suggest skimming the examples in [Private Letter Ruling 202107012](#) - released on February 19, 2021 - as a reminder of what types of activities are deemed to go beyond the Internal Revenue Service's definition of "charitable and educational" for qualification as an exempt organization under Internal Revenue Code Section 501(c)(3). (Hint: Holiday parties, outings to restaurants and bars, car shows, and other social gatherings can tip the scales against exemption, even if those activities are conducted in connection with fundraising and collecting in-kind donations for charitable causes.)

In case you missed it...



Each of us can work to pursue racial equity

"The inequalities in our society have been exacerbated, racial injustices magnified, and our ability to tangibly connect to one another practically eliminated. And yet, our community continues to show up. Our community continues to lean in..."

[Read more](#)
www.commfound.org



Donor-Advised Funds: the Community Foundation advantage

Some Washington lawmakers have proposed changing U.S. tax laws to require Donor-Advised Funds (DAFs) to grant at least 10% of their corpus annually, according to the Council on Foundations. This would not impact most fundholders at Community Found...

[Read more](#)
www.commfound.org



Donor-Advised Fundholder Spotlight: Tom Hornbein

Born in St. Louis, Missouri, Thomas (Tom) Hornbein attended camp near Estes Park at age 13. It was there that he discovered mountains, which he counts as the major pivotal event of his life.

[Read more](#)
www.commfound.org

Meet your Community Foundation team

We're pleased to work with professional advisors around Boulder County to ensure your clients receive stellar service and a personalized approach to actualizing their

philanthropic goals and related tax savings. With our practice of working in partnership, knowledge of local issues and the philanthropic landscape, and commitment to impact, we're your best resource for donor-advised funds and planned giving. Please contact us to learn how we can assist you and your clients now and into next year.

Members of our Philanthropic Services Team:

- Lynda Ricketson, Vice President of Philanthropic Services
- Peggy Driscoll, Philanthropic Services Officer
- Brooke Kahl, Philanthropic Services Associate
- Caroline Landry, Philanthropic Services Officer
- Matt Zwiebel, Director, Pledge 1% Colorado

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Statement of Affirmation

Community Foundation Boulder County is committed to being a community catalyst for good, alongside donors and partners like you. We believe our community is stronger when all people - women and men, children, older adults, immigrants, people of color, LGBTQ+ individuals, those with varying abilities and from all faiths - are respected, welcomed, and invited to share their assets and contributions in community building.

We stand with others, in Boulder County and beyond, who courageously strive to build more inclusive communities rather than walls of division. We remain wholeheartedly committed to social justice for our most marginalized and vulnerable people and for the care of threatened environments. We believe in the power of art and music to improve our lives and community. Now, more than ever, we seek opportunities for local action and invite you to join us in our [ongoing leadership work](#) that includes grantmaking, outreach, and advocacy. We accomplish more together than we do alone.

Donating to your Community Foundation makes a local impact. Get inspired. Donate here.