

PROFESSIONAL ADVISORS TOOLKIT



Yakima Valley
Community Foundation

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Doing what's best for your clients.

Clarifying and implementing the legal, financial and tax requirements of the charitable interests of your clients is a sacred trust. We are here to help.

We bring a unique approach. Your clients give through us, not just to us. We connect people who care about their community with the people and nonprofits producing the results your clients expect with their charitable investments.

THROUGH A WIDE VARIETY OF TAX-ADVANTAGED FLEXIBLE GIFTING MECHANISMS, WE ASSIST YOUR CLIENTS TO GIVE, GROW AND GRANT THEIR CHARITABLE INVESTMENTS.

Our goal is to grow and expand charitable investment in the nonprofit, educational, and civic organizations in the Yakima Valley. If one of these options is the "right fit" for your client, we can assist in the implementation. If you or your client are searching for strategic philanthropic assistance on where and how to place a charitable gift for maximum impact, we are happy to offer our knowledge on local issues, organizations and needs.



Why donor advised funds are our most popular giving solution

Charitable giving is on your clients' minds.

Does your client want philanthropy to be easy? Would they like to give when they are ready — on their timetable instead of having an annual payout requirement? If you haven't already, now is the time to have a conversation about establishing a donor-advised fund (DAF) through the Yakima Valley Community Foundation. Our donor-advised funds make your clients giving more impactful and meaningful benefiting the causes they hold most near and dear to their hearts.

Donor-advised funds are the most convenient, flexible and enduring type of fund offering clients:

- 1 An immediate tax deduction by contributing to a DAF, yet distribute the money, which grows tax-free, to their chosen charities over time.
- 2 The ability to grant locally, nationally or internationally to nearly any nonprofit that is a 501(c)(3) organization.
- 3 The opportunity to participate how they want - whether to be involved from being active participants in every grant decision to simply recommending a series of scheduled grants.



Benefits of Donor Advised Funds

Convenience

Instead of having to personally track all their giving, clients can use a DAF as a centralized hub to simplify their philanthropy. One contribution can fund multiple donations to your clients' favorite charity or charities. In removing the administrative burdens of charitable giving, DAFs allow your clients to pursue a comprehensive, long-term strategy.

Increase Giving Potential

Assets in a DAF are invested tax-free, enabling many clients to grant much more to charity in the long run. Often clients continue to work with their financial advisors to manage and grow their DAF.

Flexibility

In the wake of crises or disasters, your clients can respond quickly. Charitable resources in a DAF are primed and ready for rapid disbursement.

Confidentiality/Anonymity

A DAF can be a great option for those who wish to remain anonymous. Unlike private foundations, which require an annual report that discloses personal information on board members, grant recipients, and other information, DAF grants are made in the name of the managing charity, protecting the identities of the underlying donors.

Gifting Complex Assets

Charitable giving encompasses more than just cash donations and stock gifts. You may be able to attain a new level of giving not previously considered possible through assets they already own.



DAF vs Private Foundation

Donor Advised Funds	Private Foundation
<ul style="list-style-type: none"> Quick and easy to establish 	<ul style="list-style-type: none"> Multiple filings required to obtain tax-exempt status
<ul style="list-style-type: none"> Exempt from annual 5% minimum distribution requirements 	<ul style="list-style-type: none"> Subject to monetary penalties if required minimum distributions are not made
<ul style="list-style-type: none"> Exempt from investment excise tax 	<ul style="list-style-type: none"> Generally subject to a 1.39% tax on net investment income
<ul style="list-style-type: none"> Tax deduction up to 60% of adjusted gross income for cash gifts 	<ul style="list-style-type: none"> Tax deduction up to 30% of adjusted gross income for cash gifts
<ul style="list-style-type: none"> Tax deduction up to 30% of adjusted gross income for most gifts of appreciated assets 	<ul style="list-style-type: none"> Tax deduction up to 20% of adjusted gross income for most gifts of appreciated assets
<ul style="list-style-type: none"> Fair market value deduction for most gifts of appreciated assets, including publicly traded stock 	<ul style="list-style-type: none"> Cost basis deduction for most gifts of appreciated assets except publicly traded stock
<ul style="list-style-type: none"> Contributions and grants anonymous from the public when desired 	<ul style="list-style-type: none"> All contributions and grants available for public inspection on tax return
<ul style="list-style-type: none"> Donor free from filing annual federal and state tax returns 	<ul style="list-style-type: none"> Donor must file annual federal and state tax returns
<ul style="list-style-type: none"> Not subject to most excise taxes that apply to private foundations 	<ul style="list-style-type: none"> Subject to monetary penalties and risk of losing tax-exempt status for violation of self-dealing

Identify Your Ideal Clients

The Yakima Valley Community Foundation will work closely with you to tailor solutions for your clients. We will assist you to help your clients meet their charitable giving needs, offer the maximum charitable tax deductions, and provide ways to incorporate charitable giving into their estate plans. Here are examples of how we can work with you and your clients.

Closely Held Business Owners

SCENARIO	OUR SOLUTION	BENEFIT TO CLIENT
Your client's personal net worth is tied up in a closely held company, but he wants to find a way to support programs and activities in his community.	Donate a portion of his company's stock to establish a fund. The company, or current stockholders, may buy back the stock.	He earns an income tax deduction for the fair market value of the appreciated stock, while control of the company stays with known parties.

Family Dynamics

SCENARIO	OUR SOLUTION	BENEFIT TO CLIENT
Your client has more than enough assets to provide for her children, who are financially successful. She wants to provide for her children or grandchildren and make a difference philanthropically.	Establish a fund in the name of the family for a purpose that is meaningful to the family. A DAF may bring them together to recommend grants.	Your client knows her gift will sustain the family name and has the potential to pass on philanthropic values to successive generations.

No Children to Inherit

SCENARIO	OUR SOLUTION	BENEFIT TO CLIENT
Your clients do not have children and have more than enough in their estate to appropriately remember special loved ones.	We can preserve your clients' legacy through a Legacy Fund, in which our team carries out your clients' wishes.	Your clients can create a lasting legacy in their community, saving taxes at the same time.

Philanthropy in Estate Planning

SCENARIO	OUR SOLUTION	BENEFIT TO CLIENT
Your client has gotten "stuck" in estate planning, and you suspect that it's because thinking about the end of life is simply hard for her, as it is for many people.	Give the client something positive to think about, like sustaining a valued institution or helping others through a Legacy Fund.	Focusing on something future-oriented like a legacy to the community creates a sense of personal satisfaction that may be enough to create a sense of closure in the estate planning process.

Liquidity Events

SCENARIO	OUR SOLUTION	BENEFIT TO CLIENT
Your client earns a large year-end bonus or commission, sells a business, receives an inheritance, etc. She likes the idea of making a long-term donation to organizations or institutions in her community but wants to take her time deciding which charities to benefit rather than rushing to decisions before the end of the tax year.	Create a fund with the Community Foundation. Depending on the nature of the liquidity event, your client has the flexibility to control the timing of the transfer of assets to her charitable fund at YVCF.	Your client earns an immediate tax deduction and has immediate access to our expert professional staff for help with grant-making and philanthropic strategy - all on her own timetable.

Private Foundations Services

SCENARIO	OUR SOLUTION	BENEFIT TO CLIENT
Creating a private foundation can be a wonderful experience for your client and their family. It is a public affirmation of their philanthropic spirit and commitment to support charitable activities. However, many families later discover that managing the foundation's affairs is not as simple as it seemed. It has become a burden, the process of making annual distributions has become a challenge, the logistics of administration are taking away from the joy of giving, or the trustees or directors are no longer able to serve or have lost interest in serving.	YVCF offers options to address concerns about private foundation management and philanthropic impact. We can work with you and your client to determine the best option and facilitate the process. Option 1: We perform administrative service for client's private foundation. Option 2: Client supplements a private foundation with a DAF. Option 3: Client converts their private foundation to a DAF.	YVCF alleviates the administrative burdens associated with a private foundation and is ready and able to provide our expert services to ensure the charitable goals that inspired your client to create the private foundation are continued in a cost effective, thoughtful and impact-full manner. If desired, current trustees, directors and/or family members stay actively involved in the most critical aspect of giving – how grant dollars get put to work in the community.

Charitable Conversation Starters

Professional advisors often ask us for advice on how to begin a discussion about charitable giving with their clients.

- | | | |
|---|--|---|
| 1
Are there charitable organizations that you support on an annual basis? | 2
Would you like to include any of these organizations in your financial or estate plan? | 3
If there were a way to shift dollars from taxes to charity, would you be interested in exploring the options? |
|---|--|---|

If the answer to any of the above questions is "yes," then you have opened the door to a deeper conversation. Some follow-up questions to consider are:

FAMILY GIVING HISTORY

- How did your parents handle their charitable giving?
- Are there charitable organizations that you support on an annual basis?
- Would you like to include any of these organizations in your financial or estate plan?
- If there were a way to shift dollars from taxes to charity, would you be interested in exploring the options?

COMMUNITY NEEDS

- If you could solve a problem in our community, country, or world, what would it be?
- Would you cure a disease, educate children, or provide clean water and food?
- What issues, problems, disease, or social conditions concern you?
- How does it affect your charitable decisions?
- Would you give more money or time towards it if you could?

CLIENT'S CHARITABLE WISHES

- If you had resources to give to charity, how would you spend it?
- To whom do you annually make gifts? (Listen to their current charitable causes.)
- How did you get involved with the organization?
- How would you prioritize them? Why?
- Which of your past charitable gifts have given you the most satisfaction? The least? Why?
- Given your other commitments, how much time do you have to devote to charity?
- What level of recognition and visibility interests you?
- When you think of charities you support, what do you want those charities to resolve or provide?
- Would you want to leave a legacy and what would it be?
- What values would you like to pass on to your descendants?

Growing Client's Charitable Funds

Donor Designated Advisor (DDA Program)

DDA is a customized investment program that enables wealth advisors and their clients to set up charitable accounts at YVCF managed by the donor's advisor.

Your clients have two options:

- | | |
|---|---|
| 1 Recommend a Financial Advisor to Manage Charitable Funds | 2 Select an Investment Mix Using the Community Foundation's Investment Pools |
|---|---|

YVCF recently launched a program where a fundholder has the option to retain their financial advisor for their Donor Advised Fund. With this option your clients can benefit from investment management by an investment advisor they already know and trust.

Our DDA program is a win-win for you and your clients. Your client can open a DAF to support the causes they care about while gaining access to the wrap around philanthropic services that YVCF provides, and you can manage your client's charitable assets and continue to earn management fees. The minimum to become a Donor Designated Advisor is \$250k (can be a combination of clients).

The Community Foundation's investment pools allow your clients to match their investment strategy with their risk tolerance and long-term objectives for their fund. Options include our long-term pool and our socially responsible investment pool.



Giving Complex Assets with Ease

Do your clients own an interest in a privately held LLC, private company (C-Corp) or S-Corp stock?

Beyond cash equivalents and publicly traded stock, your clients can also contribute more complex assets to YVCF. Complex assets involve many steps to transfer and are typically illiquid. Donating complex assets may be more tax efficient than contributing cash or stocks and can provide liquidity for your client's charitable giving.

Donating a portion of the client's interests to charity ahead of time could result in two major benefits:

1. An income tax charitable deduction for the fair market value on the date of contribution.
2. Minimized capital gains tax: Capital gains tax generally does not apply to assets donated to charity.

We specialize in simplifying the conversion of complex assets into charitable contributions. Not only do we accept a broad range of assets that many commercial brokerage firm funds cannot accommodate, we are equally flexible regarding the organizations to which your clients choose to give.

Processing a complex asset takes expertise. Each asset type comes with its own set of issues and rules that must be followed. Rely on our expertise to help your client quickly and easily donate hard-to-value assets to charitable funds.

Clients interested in contributing a complex asset should consult with their legal, tax and financial advisors before deciding.



WHAT ARE COMPLEX ASSETS?

Charitable contributions of assets other than cash and marketable securities



Closely Held C-Corp
or S-Corp Stock



Partnership or
LLC Interests



Life Insurance



Real Estate,
including
Retained Life
Estates



Art and
Collectibles



Promissory
Notes



Intellectual Property
and Royalties



Cryptocurrency

CONSIDERATIONS FOR COMPLEX ASSETS

All transfers of
assets are
irrevocable.

Subsequent sales
of assets must not
be prearranged.

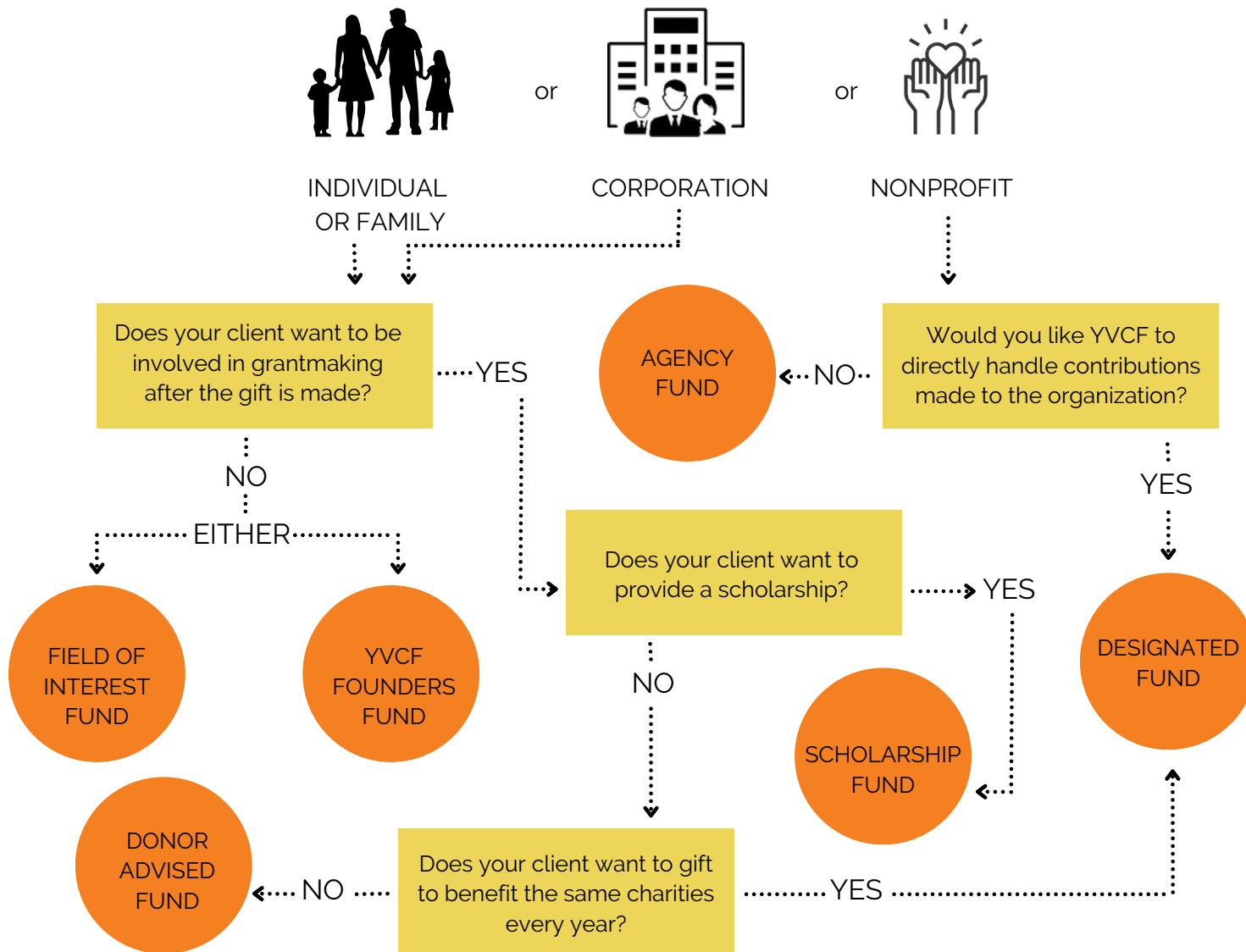
Independent
reports/
background may be
required depending
on the asset.

In most cases,
YVCF's policy is to
liquidate the asset
as quickly as
possible.

Qualified appraisals
(at donor's expense)
are required for all
gifts other than cash
or publicly traded
stock to establish
the value of gifts for
federal income
tax purposes to
comply with IRS
regulations.

Comparing Fund Types

We work with philanthropists of all levels to create funds and strategically invest in our community for the biggest impact and return on investment. Your clients' philanthropic contributions can have a significant impact when they set up a fund through YVCF.



YVCF has helped clients carry out their charitable wishes for over 20 years. With a comprehensive platform of charitable tools and expertise receiving all types of assets, we can customize solutions to meet your client's unique needs.

Fund Types & Minimums	Reason for Selection	Areas of Interest & Types of Support
DONOR ADVISED FUND \$1,000 MIN	Donor can lock in an immediate tax deduction, yet distribute the money, which grows tax-free, to their chosen charity or charities over time. Donor can simplify giving, support multiple charities, and have experts available to assist in grant-making decisions if or when needed.	Donor may recommend grants locally, nationally, or internationally to any registered 501(c)(3) nonprofit.
SCHOLARSHIP FUNDS \$10,000 MIN	Donor supports students by crafting a unique scholarship program. YVCF can assist in establishing the scholarship parameters and can help administer the scholarship process and distribution of funds.	Donor determines scholarship parameters such as: areas of study, size of awards, number of awards per year, renewability or term, academic level (K-12, trade school, undergraduate, postgraduate).
DESIGNATED FUND \$1,000 MIN	Donor supports one or more favorite charitable organization(s) in perpetuity or over a term of years. YVCF monitors each selected organization to ensure that grant dollars are used as intended.	Donor names charitable organization(s) and type of support. YVCF ensures client's philanthropic legacy by redirecting grant dollars if a chosen organization closes or changes its mission.
FIELD OF INTEREST FUND \$1,000 MIN	Donor creates a resource to address issues related to a specific cause, population, or geography.	Donor states an area of charitable interest and/or type of support — such as the arts, education, health and human services, or the environment. Donor defines the area — as broad or narrow as your client may choose.
FOUNDERS FUND \$0	Donor is interested in supporting the needs of the Yakima Valley and entrusts the YVCF Board of Directors to put the funds to best use.	Grants are made to benefit the Yakima Valley in three areas of interest: <ul style="list-style-type: none"> • Health & Well-being • Quality Education • Civic Vitality

Benefits of a YVCF Legacy Plan

BEQUEST

The simplest way for your client to make a planned gift to a charitable fund is for your client to make a bequest in their estate plan. Including the Community Foundation among the beneficiaries of their estate plan ensures that your clients' philanthropic wishes will be honored.

RETIREMENT/IRA PLANS – CHARITABLE BENEFICIARY

Inheritances from IRAs and 401(k) or 403(b) plans can be subject to both income and estate taxes. Your client designating their charitable fund as a beneficiary of some or all of a retirement plan account is a very tax-efficient method of supporting their philanthropic legacy. The full amount distributed to a charitable fund remains available to implement your client's philanthropic plan because the Community Foundation does not pay income taxes. In addition to permanently avoiding deferred income taxes, the amount distributed to their charitable fund also reduces the size of their estate, thereby avoiding potential estate taxes.

LIFE INSURANCE

Many clients interested in philanthropic giving have already seen their children graduate from college and have paid off their mortgages. Chances are excellent they have more life insurance coverage than needed — and can afford to give more than they originally thought possible. When donating a life insurance policy to their fund at the Community Foundation, your client may receive an income tax deduction for the value of the policy at the time of transfer — generally the lesser of the policy's fair market value or the client's calculated cost basis. We can cash in the policy or hold the policy until the death of the insured. Your client can make tax-deductible contributions to the Community Foundation for the premium payments if the policy is retained.

Additionally, your client may retain the policy and simply name the Community Foundation as a beneficiary, providing a great way to leverage a substantial legacy gift to their community.



PERSONAL: Legacy Funds allow your clients to make a long-term impact on the causes and communities most important to them during their lifetime. Their continued support will allow the causes they care about to fulfill on their mission for years to come.

LASTING: Legacy Funds provide your client the opportunity to share the gift of giving with future generations. They can use assets named in a fund to open a Donor Advised Fund for family, a friend, a business or committee to continue to invest in causes they care about and pass on the joy of giving.

FLEXIBLE: A Legacy Fund offers your client the opportunity to ensure charitable giving is a part of their estate plans, with the flexibility to change the causes they plan to support over time. Because when your client establishes a Legacy Fund, they can work with YVCF staff to adjust the causes/beneficiaries without the need to revise documents with their estate attorney.

EFFICIENT: YVCF can receive a variety of gifts to support a Legacy Fund including: assets from a will or trust, cash, stock, real estate, business interests, personal tangible property, retirement plans, life insurance, agricultural assets and more.

FINANCIAL FACTS & TAX ADVANTAGES

- Legacy Funds can be established in any amount and with a variety of asset types.
- Legacy Funds are free of administrative fees until assets are received.
- Legacy Funds can also provide powerful tax, estate and financial benefits that may include an income tax deduction, capital gains tax deferral or avoidance, gift and/or estate tax deduction, an income stream for them or their loved ones, and more.

IN GOOD COMPANY

YVCF is proud to recognize all Legacy Fund holders as members of Inspire, YVCF's Legacy Society. Leaving a legacy does not require a large income or a vast estate. All that's required is the thoughtful intention to make a difference for generations to come. When your client joins Inspire, they become part of a community of like-minded individuals and discover uncommon opportunities to learn, connect, and share. Inspire members are invited to participate in events, tours and celebrations of generosity with YVCF.





How YVCF can help

To be a multigenerational advisor, it's important to discover who the next generation of your clients are, what they expect, and what matters to them. A relationship with their parents, and grandparents is just the beginning. The next generation of clients have learned their values from family; yet their personalities have been shaped by a different set of world events and conditions and they are digital natives. Going forward, you can help them find their place in their family's story and legacy.

The Community Foundation can assist your clients to

▶ CREATE A GIVING PLAN

Our team can work with your client's family to explore causes and issues they care about and help guide their charitable decisions for years to come. Members of our team have extensive training to work with multigenerational families to define family mission statements, clarify giving priorities and pass along family values through philanthropy.

▶ MAKE AN IMPACT, TOGETHER

Few things bring a family together more than working hand-in-hand and improving the lives of those who need it most. We can help craft personalized volunteer opportunities based on areas of interest.

▶ LIGHT A SPARK

By creating a fund for your clients children or family members, you help them discover the magic of giving and develop a lifelong commitment to service and community. They gain access to our comprehensive suite of charitable services, and you have the ability to view their fund's activity.

There is an inherent joy that arises from giving to others, but we strive to ensure the process itself is also rewarding. Our approach is based on developing a personal partnership with you and your clients, allowing us to customize a giving plan to maximize the impact of their charitable endeavors.

Yakima Valley Expertise

While we facilitate grants to organizations throughout the United States, our personal relationships with nonprofits and community leaders here in the Yakima Valley can help connect your clients with local opportunities and organizations that align with their interests.

Philanthropic Consultation

A dedicated relationship manager can help define or refine short-and long-term goals and strategies, identify emerging opportunities and develop a family giving plan for current and future generations.

Family Philanthropy

When it comes to the special considerations that arise with family philanthropy, we are adept at developing strategic long-term plans, including opportunities for new generations to engage in charitable endeavors now and succession plans for family funds into the future.

Nonprofit Research

We can provide unbiased cause research, nonprofit evaluation and site visits for organizations of interest. Additionally, we offer a variety of educational resources, including access and support from issue experts and like-minded donors from across the Yakima Valley.

Anonymous Giving

Unlike a private foundation with public reporting requirements, a Community Foundation charitable fund or foundation can safeguard a donor's privacy at any level desired. We are also able to manage relations with grantees and beneficiaries, handle correspondence and more.

Online Services

All donor grantmaking can be managed through our secure online platform, which provides online access for monitoring transactions, returns and assets.





**Yakima Valley
Community Foundation**

CONNECT

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We value the insight and expertise you offer when developing a plan to meet the financial and charitable requirements of your client. We are here to assist you in doing what is best for your clients. This could include:

- Providing an informational presentation.
- Providing materials that help you make decisions about the types of funds available to your client.
- Offering planned giving choices to help your clients have a lasting impact beyond their lifetime.
- Offering insight into existing or emerging needs in our community, as well as the resources currently available to respond.
- Keeping you abreast of the latest philanthropic developments and issues occurring locally and throughout the U.S.

CLICK TO
CONNECT

