



Donating Non-Publicly Traded Assets

While gifts of cash or stock make up the majority of today's philanthropy, there are a number of opportunities to expand the boundaries of your giving and unlock the full philanthropic potential of non-publicly traded assets.

No matter the type of gift you would like to make, the Community Foundation of New Jersey can be a resource to you and your financial or legal advisors. We will help to ensure the maximum tax deduction and be a thoughtful partner to you in achieving your personal and professional objectives. Working with the Community Foundation, you can turn your non-publicly traded asset into your own liquid donor advised fund to support the communities or causes you care about.

Closely Held Stock, S Corporation Stock, & LLC Interests

Gifts of closely held stock can entitle the donor to a tax deduction of the fair market value of the asset—not its cost basis, which may be low— and without counting the appreciation as income. Similar rules can apply to donations of S corporation stock and LLC interests; the Community Foundation will work with you and your advisors to determine the most advantageous approach. Many donors like devoting dollars that would otherwise go toward capital gains taxes to charity instead.

When the Community Foundation accepts a donation of a business interest, it will work with the business owner to determine the best avenue and timing for ultimately liquidating the asset.

One recent example of a unique gift that made a lot of sense for the donor involved closely held stock. The donor gifted the stock to the Community Foundation. The donor's company then bought the stock back, creating liquidity for her charitable giving in addition to the tax deduction she got when she made the gift.

Gifts of closely held stock, S corporation stock, or LLC interests to a private foundation would entitle you to a smaller income tax deduction, typically based on your basis.

Real Estate

A gift of real estate to the Community Foundation can also give rise to a substantial charitable deduction, as you are able to deduct the full market value. When making a similar gift to a private foundation, you may only deduct your basis. There are many ways to gift real estate, depending on your financial and charitable goals. We are happy to assist you in making sure you get the full value and limit the capital gains so you can have the greatest impact with your giving.



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Tangible Assets

Beyond real estate there are many tangible assets such as boats, machinery and equipment with value that can be unleashed to support your charitable giving. We are happy to work with potential fundholders on how best to free up the value of their tangible assets for their giving.

Digital Currency Cryptocurrencies

The Community Foundation takes pride in staying ahead of the latest trends. We have the ability to accept gifts in what are known as cryptocurrencies such as bitcoins. The Community Foundation will accept the gift and at some point convert it to US dollars. The deduction works in a similar fashion to appreciated stock.

Comparison

To illustrate the point, assume that you have highly appreciated shares in a private company. If you would like to deploy the value of those shares toward charity, you could sell the shares and donate the proceeds, or donate the shares directly. As the example at right demonstrates, the option you choose will have a direct impact on the causes you wish to support, as well as your own bottom line.

	Sell the shares and donate the proceeds	Donate the shares directly
Asset value	\$1,000,000	\$1,000,000
Capital gains	\$950,000	\$950,000
Taxes paid	\$226,100	\$0
Gift to charity	\$773,900	\$1,000,000
Charitable deduction	\$773,900	\$900,000
Donor tax savings	\$80,364	\$356,400

We look forward to working with you to unlock the philanthropic potential of your non-publicly traded assets.



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