Philanthropic Solutions
Your Guide to Charitable Giving
The North Texas Community Foundation is dedicated to strengthening our 11-county region through effective philanthropy and civic leadership around key community issues. We serve local individuals, families and businesses by helping them achieve their charitable goals in a meaningful way - during and beyond their lifetimes. The Community Foundation is privileged to work in collaboration with our fundholders, their trusted professional advisors, nonprofit partners and civic leaders to make sure North Texas is strong for generations to come.

**Local Resource**
Located in downtown Fort Worth, the Community Foundation has its finger on the pulse of the community.

**Impact**
Your charitable goals can be met now and for generations to come.

**Expert Staff**
Our knowledgeable staff are here to help you achieve your charitable goals.

**Maximum Tax Benefits**
Assets contributed to the Community Foundation are generally tax deductible at fair market value rather than cost basis; donating long-term appreciated assets generally avoids capital gains taxes.

**Flexibility**
One gift can satisfy a variety of personal charitable interests.

**Legacy**
Establishing an endowed gift will provide support for cherished causes in perpetuity. Future gifts of more than $250 million have been committed through wills and bequests of generous community members.

**Customization**
We offer choices. You can customize your fund and establish it using a variety of assets.

**Convenience**
A fund can usually be opened with one brief meeting. The Community Foundation handles all government reports, legal questions and audit requirements.

**Economy and Efficiency**
With well over $300 million in assets, we enjoy economies of scale. As a result, investment and administrative fees are reasonable.

**Independence**
A board of community leaders provide governance and leadership to assure the Community Foundation and its endowments are managed prudently.

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"The Community Foundation is a vital resource connecting a client's philanthropic passions with a variety of great charitable opportunities. They offer a number of leading-edge charitable solutions that make a lasting impact on the communities served."

Mike Bourland, Founding Shareholder of Bourland, Wall & Wenzel, P.C. and Donor Advisor

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Whether you have a crystal clear concept of what you hope to accomplish with your philanthropy—or an idea that's just taking shape—the North Texas Community Foundation can help you achieve your philanthropic goals.

Your options range from creating a Named Fund for the Common Good addressing emerging and evolving community needs to establishing a donor advised fund from which you will recommend grants yourself to designate one or a few organizations to benefit from your gift, perhaps in perpetuity. Each of these charitable vehicles can make grants in the name of your fund. With a minimum initial gift of $25,000, you may establish a fund in your name or your family's name, the name of a loved one, or a name that provides anonymity.

If you are willing to share the story of your gift, our staff will meet with you to collect photographs and interview you about your history, your values and your philanthropic goals. Your name and your story will become a part of our permanent archives and will be preserved and retold for generations to come, thereby inspiring others and increasing community philanthropy.

Whatever your wishes, your hopes, your dreams for the future of our community - a charitable fund at the North Texas Community Foundation can make them a reality.

**TYPES OF FUNDS**

**Donor Advised Fund**
Recommend annual grants for the causes you care about most without the expense and administrative burden of running a private foundation. If desired, design a family grantmaking plan that includes the next generation.

**Designated Fund**
Provide a source of income to meet the future needs of designated charities.

**Field of Interest Fund**
Ensure support for a special area of interest (e.g. children, animals, poverty) and the flexibility to fund a variety of high-performing organizations.

**Named Fund for the Common Good**
Help the Community Foundation and future generations address the most pressing needs of our changing community. These funds empower the Community Foundation to respond to special needs and emergencies, that require flexible funding. The name of your fund is recognized when grants are awarded from the fund.

**Nonprofit Agency Fund**
The Community Foundation invests the assets, provides accounting and record keeping, liability protection, and assistance with complex gifts.

You may establish any of the above funds as a “memorial fund” to honor a loved one. All funds may be endowed, creating a permanent source of support for the causes you care about most.

**DONOR ADVISED FUND**
A Donor Advised Fund (DAF) is simple to establish and operate. The Community Foundation is responsible for ensuring that legal requirements for investment, distribution and payout are met, allowing you to easily manage your charitable giving without the burden of running a private foundation.

With a DAF, you recommend grants on your own timetable to any charity that meets IRS guidelines while we handle administrative details. Our due diligence procedures protect you by ensuring your grantees meet the legal standards for charitable intent.

DAFs also allow you to appoint successor advisors to the fund. Unlike private foundations, which are required to distribute 5% of the assets annually, DAFs carry no minimum distribution requirement. You can save for a larger grant award at a future date, or let the fund grow until younger family members are ready to recommend grants.

After the passing of the last fund advisor, DAFs retain their name and preserve your legacy as Field of Interest Funds that honor and support your favorite causes forever. You may also elect to convert your DAF to a Named Fund for the Common Good to support a broad range of needs.

**Highlights:**
- Create a lasting legacy
- Easily recommend grants at any time
- Involve family members
- Private foundation alternative without the administrative burden and expense
- Can accept the annual 5% distribution of a private foundation, and allow the contributions to grow for a larger project

**JOHN AND FRANCES WASILCHAK**
Glen Rose ISD students benefit from Frances and the late John Wasilchak’s desire to spread their love for the arts. The Glen Rose couple established an endowed donor advised fund at the Community Foundation in 2000 to allow over 1700 students in the Glen Rose ISD to experience the thrill of the symphony.

Each year, seven FWISD musicians travel to Glen Rose to teach a master class to middle and high school band students. The symphony also plays two concerts annually, to which surrounding school districts, home-schooled children and community members are invited. The program includes visits to Bass Hall for performances, dress rehearsals and tours.

The school district funds additional experiences and provides teachers with a curriculum to accompany the program. Someday, if the conductor or a featured soloist for the Fort Worth Symphony Orchestra is from the Dinosaur Capital of Texas, we will have the Wasilchaks to thank.
DESIGNATED FUND

If you want your gift to support a specific charitable organization, establish a designated fund. You may also endow it to support the charity as long as it exists. If a charity closes its doors, the Community Foundation will direct the fund to support programs with similar goals.

Because grants are paid regularly by the Community Foundation, your gift provides the designated organization with a sustainable source of support, allowing them to focus more on their mission and less on fundraising.

Designated funds are an excellent vehicle for those with appreciated assets or a windfall income event who want to support specific charities for the long-term. Annual distributions to designated charities are based on a schedule established by the donor when a fund is created. Donors retain the flexibility to change the designees during their lifetimes.

Designated funds can also accept gifts from IRAs of up to $100,000 annually from each donor who is at least 70½ years old.

Highlights:
• Set aside substantial assets to support specific charities without requiring the organization to invest and administer the funds
• Help meet the future needs of one or more designated charities
• If a charity goes out of business, your gift will continue to support similar causes
• Requires little to no attention after setting up the fund

FIELD OF INTEREST FUND

A field of interest fund (FOI) is built on a gift from an individual or family to address a particular area of community life that captures this imagination or carries personal meaning, such as the arts, scientific research, animal welfare, education, youth programs or any other charitable cause.

We honor your wishes by annually awarding grants from the fund to organizations and programs in the named interest areas.

FOI funds benefit from the full resources of the Community Foundation’s program staff and grant committees. These committees are made up of subject matter experts and community leaders who award grants from your fund to high-performing organizations and programs making a difference in your interest areas. When we approve a grant to an organization in that specific field of interest, we make the gift in the name of your fund.

FOI funds are flexible enough to fund a variety of organizations—even as needs change over time—and yet focused enough to create for you a highly personal and, if you choose, permanent charitable legacy. Although it is impossible to say today what the best organizations will be years from now, a FOI fund ensures your gift will be supporting the most effective organizations in your field of interest.

Highlights:
• Create a lasting gift in an area of personal importance
• Rely on local expertise of the Community Foundation’s community programs staff to identify premier organizations
• Flexibility for grants to support organizations doing the best work today, tomorrow and a hundred years from now

GARLAND AND MOLLIE LASATER

Some argue that philanthropy is a battle between giving with your heart and giving with your head. Long-time Fort Worth residents Garland and Mollie Lasater’s investments in our community attest to the fact that you can do both.

The Lasaters have used a variety of Community Foundation funds to accomplish their charitable goals. Their Donor Advised Fund facilitates contributions supporting education, the arts and their favorite nonprofits.

In their most ambitious effort to date, Garland and Mollie established a Designated Fund to solely support (HS)², a rigorous STEM-based summer enrichment program that transforms the lives of promising high school students from underserved communities. (HS)²’s program works…and they have the results to prove it. 100% of the 200+ alumni have matriculated to college; 74% are majoring in STEM.

W.I. FLEETWOOD

Through a selfless act of generosity, William Irven Fleetwood established the Fleetwood Memorial Foundation in 1974 to express his gratitude for Texas Safety Personnel. Since inception, the foundation has provided more than $4 million in assistance to Police Officers and Firefighters injured or killed in the line of duty.

Tom Cravens is a former board chair of the Community Foundation. His father, Carlisle Cravens, was the first board chair of the Fleetwood Foundation. Since then, generations of the Cravens family have carried out the foundation’s mission. When the Fleetwood Foundation Board looked for alternatives to the private foundation model, they discovered that moving the foundation to the Community Foundation was the most efficient solution.

“Building a strong community is very important to us,” Cravens said. “Police and Fire Personnel support our community and to help them and their families is a gift.”

The Community Foundation is honored to continue the legacy of Mr. Fleetwood and assist families like the Cravens in fulfilling their charitable goals.
A Named Fund for the Common Good allows the North Texas Community Foundation to address urgent, unexpected and/or changing needs.

A named endowment fund will bear your name forever. This option is an excellent choice if you value the flexibility the Community Foundation offers to help future generations meet social, economic, and environmental challenges.

Such funds allow the Community Foundation to support long-term solutions to difficult problems such as hunger, homelessness, child welfare and public education. They also support building projects that benefit the entire community, such as museums, performing arts centers, and botanical gardens.

These funds are remembered in a variety of ways: through our annual report, website, and acknowledgements provided to grant recipients. We ensure that your name—or the name of a loved one—will always be remembered and linked with philanthropy, unless you desire anonymity. Establishing a Named Fund for the Common Good will perpetuate your legacy of caring...forever.

Highlights:
- Create a lasting gift in your name or the name of a loved one
- Meet the future needs of a changing community
- Receive an immediate tax deduction

Several North Texas nonprofit organizations have established agency funds at the North Texas Community Foundation. These can be endowed funds, quasi endowments or reserve funds.

The ability to have the fund invested through the Community Foundation’s large investment pools diversifies your fund across many more asset classes than would be possible if investing independently. Fundholder services include accounting and record keeping, monthly online fund statements, annual spending policy calculations, and annual distributions made available to your organization as well as technical assistance for various types of gifts to your fund, including appreciated securities, real estate, closely held stock, tangible personal property and bequests.

Establishing a fund with the Community Foundation affiliates your organization with a respected local public charity that enjoys a long, stable history and substantial assets, which can be helpful to your major gift fundraising and planned giving program.

Highlights:
- Professional and diversified investment management
- Tax, accounting and record keeping services
- Technical assistance with complex gifts to your fund
- Increased donor confidence due to our oversight
- Automatic calculation of annual spending from endowed funds
- Protection from liability and litigation
- The ability to designate a “contingency” beneficiary in the unlikely event that your organization ceases to exist, loses its nonprofit status, etc.

ToolBox Grants Program
The ToolBox Grants (TBG) Program provides nonprofits with the resources they need to improve their strength and stability. Since its inception in 2010, the TBG Program has provided more than $2.4 million in capacity building grants for more than 100 Tarrant County nonprofits.

Read Fort Worth
Read Fort Worth is an agency fund established in 2016 as a privately-funded collective impact effort to align partners, strategies and resources so that 100% of third-graders will read on grade level by 2025.

WORTH: The Next Generation of Philanthropists
Together, young professionals learn about community needs, review grant proposals, and pool their membership dollars to make informed and impactful grants.

Early Learning Alliance
The Community Foundation helped found the Early Learning Alliance (ELA), a community collaboration of individuals and organizations focused on early learning from ages 0-8. Together, they seek to improve outcomes for Fort Worth children by improving early childhood professional and program quality, engaging with families, and sharing data and research.

MARY AND RICHARD ADAMS
Mary and Dick Adams were exceedingly generous to both family and charities. When thinking about what kind of legacy they wanted to leave, they focused on making sure children in Tarrant County did not go to bed hungry. They enjoyed a good relationship with Tarrant Area Food Bank and turned to the North Texas Community Foundation to establish the Adams Feeding Children Endowment Fund of Tarrant Area Food Bank.

With the knowledge and blessing of the food bank’s executive director, an “agency fund” at the Community Foundation was established to ensure that the fund is invested wisely for the long-term, with oversight provided by an Investment Committee made up of financial experts from the community. TAFB has received tens of thousands of dollars in annual distributions from the endowment fund, and the organization can rest assured that they can count on this source of income forever.
COMMUNITY OR PRIVATE FOUNDATION: WHICH OPTION IS RIGHT FOR YOU?

When people want to make a difference in their community and create a family legacy, they have a range of options available, from creating a private foundation to the public-charity alternatives offered by a community foundation—namely a donor advised fund. While private foundations may allow for greater donor control, the administrative requirements and operating costs can be substantial. The following chart on page 9 compares key features of a private foundation with those of a donor advised fund at the North Texas Community Foundation:

HOW WE CAN HELP

Many people enjoy the experience of giving for years through a private foundation, sometimes private foundations run their course. In these cases, the Community Foundation provides a good option for the transfer of funds - enabling your family to terminate your private foundation yet continue its charitable mission. Terminations typically occur when:

• You or your advisors identify a tax planning need for higher public charity tax benefits
• You become concerned about exposing yourself to liability, excise taxes and penalties associated with private foundations
• You desire more privacy and wish to have the option of anonymity

The following chart on page 9 compares key features of a private foundation with those of a donor advised fund at the North Texas Community Foundation:

<table>
<thead>
<tr>
<th>ASPECT</th>
<th>DONOR ADVISED FUND</th>
<th>PRIVATE FOUNDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating the Foundation</td>
<td>Component part of the Community Foundation established by the fund agreement</td>
<td>Separate nonprofit corporation or trust organized as a private foundation</td>
</tr>
<tr>
<td>Tax Exempt Status</td>
<td>Shares the Community Foundation’s tax-exempt status</td>
<td>Apply to IRS for tax exempt status</td>
</tr>
<tr>
<td>Start-Up Costs</td>
<td>No cost to donor</td>
<td>Costs of creating a new corporation can be substantial, legal, accounting and operational start-up</td>
</tr>
<tr>
<td>Privacy</td>
<td>Grants can be anonymous</td>
<td>All grants are public</td>
</tr>
<tr>
<td>Charitable Deductions for Cash Gifts</td>
<td>Tax deduction of up to 60% of adjusted gross income</td>
<td>Tax deduction of up to 30% of adjusted gross income</td>
</tr>
<tr>
<td>Charitable Deductions for Long-Term Appreciated Property</td>
<td>Tax deduction available for full, FMV of marketable securities and other property for those who itemize</td>
<td>Tax deduction for FMV of marketable securities only: limited to the lower of cost or FMV for other property</td>
</tr>
<tr>
<td>Payout Requirements</td>
<td>Do not apply</td>
<td>Must pay out minimum 5% annually</td>
</tr>
<tr>
<td>Administrative Tasks</td>
<td>Services provided by the Community Foundation</td>
<td>Services arranged by donor</td>
</tr>
<tr>
<td>Annual Costs</td>
<td>1% of fair-market value of assets, declining as asset size increases</td>
<td>Separate costs for staff support, office space, accounting, grant processing, tax filing, etc.</td>
</tr>
<tr>
<td>Annual Taxes</td>
<td>None</td>
<td>Excise tax up to 2% of net investment gain, including net capital gains and income</td>
</tr>
<tr>
<td>Annual Tax Filings &amp; Returns</td>
<td>Not required (reported as part of the Community Foundation’s annual reporting)</td>
<td>Must be filed by the private foundation with required reporting schedules</td>
</tr>
<tr>
<td>Investments</td>
<td>The Community Foundation professionally invests assets with oversight of investment committee</td>
<td>Must research, hire, monitor and evaluate its own investment managers</td>
</tr>
<tr>
<td>Fiduciary Responsibility</td>
<td>The Community Foundation assumes all fiduciary responsibilities</td>
<td>Private foundation board has fiduciary responsibility</td>
</tr>
<tr>
<td>Directors &amp; Officers Insurance</td>
<td>Does not apply</td>
<td>Must be purchased separately</td>
</tr>
</tbody>
</table>

"When our family made the decision to find an alternative vehicle for our private foundation, we investigated the North Texas Community Foundation as a possibility. It became clear that the organization could offer us an efficient and effective platform, managed by a high quality board and staff leadership. It has been a good decision for our family and we recommend it to other private foundations who might be considering alternative solutions."

John Snyder, Donor Advisor
Nancy and John Snyder Foundation
**WHAT TO GIVE**

Gifts to the North Texas Community Foundation come in all shapes and sizes. Cash, securities, closely-held stock, business interests and real estate are all assets that have been used to establish charitable funds.

Whatever the asset, each and every gift is an important contribution to our community. We encourage you to make an appointment with our professional staff and explain your objectives and your situation. We may be able to offer suggestions you have not yet considered.

### Charitable Income Tax Deductions for Individuals

<table>
<thead>
<tr>
<th>Type of Contribution</th>
<th>Amount that can be deducted</th>
<th>% of AGI that can be deducted in one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Fair Market Value</td>
<td>60%</td>
</tr>
<tr>
<td>Ordinary income property, such as inventory, depreciable property, agricultural</td>
<td>Cost Basis</td>
<td>50%</td>
</tr>
<tr>
<td>products, Section 306 stock, original issue discount debt instruments, artwork by its</td>
<td></td>
<td></td>
</tr>
<tr>
<td>creator and other property, the sale of which at fair market value would yield</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ordinary income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term capital gain property (held less than 12 months) such as stocks, bonds</td>
<td>Cost Basis</td>
<td>50%</td>
</tr>
<tr>
<td>and other capital assets, the sale of which at fair market value would yield short-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>term capital gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term capital gain property (held more than 12 months) such as stocks, bonds and</td>
<td>Fair Market Value</td>
<td>30%</td>
</tr>
<tr>
<td>other capital assets, the sale of which at fair market value would yield long-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>capital gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term appreciated real property</td>
<td>Fair Market Value</td>
<td>30%</td>
</tr>
<tr>
<td>Tangible personal property, if the recipient’s use of the property is unrelated to</td>
<td>Cost Basis</td>
<td>50%</td>
</tr>
<tr>
<td>its exempt purpose or function</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Cash**

Receive a tax deduction in the year of the donation.

**Publicly Traded Securities & Mutual Funds**

Receive a deduction for the full fair market value and avoid paying tax on your capital gain if held for over 12-months.

**Charitable Gift from Your IRA**

For those over 70½, donate up to $100,000 annually to a designated fund and avoid income tax and inclusion in adjusted gross income.

**Retirement Assets**

Maximize value by avoiding income and estate taxes and receive an estate tax deduction.

**Closely Held Business Interests (e.g., sole proprietorship, LLCs, partnership interests)**

Receive a deduction for the appraised fair market value and avoid paying tax on your capital gain (provided the gift is made prior to executing a binding sale agreement). The Community Foundation has a due diligence process for such gifts that we will review with interested donors.

**Real Estate**

Receive a deduction for the appraised market value and avoid paying tax on your capital gain if held for over 12 months.

**Oil & Gas and Mineral Rights**

Receive a charitable deduction based on the appraised fair market value, not the cost basis of obtaining the rights.

**Life Insurance**

Receive a current income tax deduction upon transfer of an existing policy to the Community Foundation or purchase of a new policy in the Community Foundation’s name. If premiums are due, receive additional tax deductions each year for contributions to the Community Foundation in the amount of the premium, or simply make the Community Foundation the beneficiary.
CASH

With a gift of $25,000 or more, you can establish a fund of your choice that can begin distributing grants immediately. Every fund is recognized in the annual report and on our website, unless you desire anonymity.

PUBLICLY TRADED SECURITIES & MUTUAL FUNDS

Giving gifts of long-term appreciated property in the form of stocks, bonds or mutual funds provide greater tax benefits than a cash gift of equivalent value, especially if they have a low cost basis.

You will receive a charitable deduction for the full market value of your property—even if you initially bought it for far less. You will also avoid capital gains tax—money you would have to pay if you liquidated the property.

Highlights:
- Funds can be established at $25,000

MAXIMIZE YOUR GIFT BY DONATING APPRECIATED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Sell Stock &amp; Contribute Cash</th>
<th>Contribute Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Market Value of Stock</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Cost Basis of Stock</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Gain on Sale of Stock</td>
<td>$90,000</td>
<td>$0</td>
</tr>
<tr>
<td>Capital Gains Tax on Sale (20% * $90,000)</td>
<td>$18,000</td>
<td>$0</td>
</tr>
<tr>
<td>After Tax Amount Available for Donation</td>
<td>$82,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Ordinary Income Tax Savings (assumes 35% rate)</td>
<td>$28,700</td>
<td>$35,000</td>
</tr>
<tr>
<td>Plus Capital Gains Tax Savings</td>
<td>N/A</td>
<td>$18,000</td>
</tr>
<tr>
<td>Total Tax Savings from Gift</td>
<td>$28,700</td>
<td>$53,000</td>
</tr>
<tr>
<td>Net Cost of Gift (donation - tax savings)</td>
<td>$53,300</td>
<td>$47,000</td>
</tr>
</tbody>
</table>

Note: Results will differ depending on cost relative to market value as well as both income and capital gains tax rates. However, donating appreciated assets should always be more beneficial than selling the asset and donating cash.

CHARITABLE GIFT FROM YOUR IRA

You may make a charitable gift of up to $100,000 from your IRA account after you reach the age of 70½. The amount of the gift is not included in your adjusted gross income, so you avoid paying income tax on the original contributions and all of the earnings, making this one of the most tax-efficient donations available.

The gift must be made directly from the IRA account to the charity and may not be donated to a donor advised fund; however, designated, field of interest funds and named funds for the common good are permitted. One exciting option is to use several years of IRA gifts to build an endowment to support your favorite charities for the long term.

SUSI AND MIKE BICKLEY

Susi and Mike Bickley were blessed to raise their family in Fort Worth and wanted to give back to the city to make it a better place for all. When they began taking the required minimum distributions (RMDs) from their Individual Retirement Accounts (IRAs), they saw an opportunity to increase their investment in the Fort Worth area. They established the Susi and Mike Bickley Charitable Fund, a Field of Interest Fund. This avoids income tax on amounts contributed to their IRAs and on market appreciation, creating a substantially larger gift than would have been available after taxes.

But they aren’t stopping there. To leverage the impact of their fund, the Bickleys will make charitable gifts from their IRAs annually to build the fund before making any grants to nonprofits. After 3 years, they will distribute 10% of the fund balance. Thus, even as area nonprofits receive substantial grants, the balance in the fund will grow. Their plan allows for sizable annual grants from the fund and a 10-year legacy of support.

RETIREMENT ASSETS

Retirement plan assets are some of the most tax-efficient assets to transfer to charity upon your passing. Double taxation can erode the value of retirement assets; in some cases, the combination of income and estate taxes can reach as high as 80 percent, leaving very little for your heirs.

By transferring retirement assets to the North Texas Community Foundation, you can avoid income taxes and reduce estate taxes—preserving your hard-earned assets for the good of your community. Naming the Community Foundation as beneficiary of your retirement assets is as easy as adding a few sentences on your IRA beneficiary form:

“To the North Texas Community Foundation to be used to enhance (or create) a component fund (to be) known as the _____________ Fund.”

Highlights:
- Maximize the value of your assets
- Reduce your taxable estate
- Create a charitable legacy today by indicating your intentions for the fund after your passing.
CLOSELY HELD BUSINESS INTERESTS

The North Texas Community Foundation accepts gifts of business interests with an appraised value of $250,000 or more. By gifting interests in LLCs, limited partnerships or closely held corporations, you can support the causes you value and reduce your tax liability at the same time. The Community Foundation will hold the business interest, working in partnership with you and your advisors on liquidation to maximize your philanthropic impact. Net proceeds from the sale will be transferred to a new or established Fund at the Foundation.

In-kind gifts present unique tax and non-tax consequences that must be analyzed before the proposed gift can be accepted. If the gift is made prior to a binding sale agreement, donors can generally avoid capital gains tax and take a fair market value deduction. However, if the gift is made after completion of a binding sale agreement, capital gains tax applies and the charitable deduction is limited to the cost basis.

Due to the complexities involved, the Community Foundation follows a thorough due diligence process before accepting a gift of business interest. Community Foundation staff and legal counsel will coordinate with the donor and their advisors to determine the acceptability of any proposed gift.

Assuming the gift qualifies for favorable tax treatment:
• Take a charitable deduction for the appraised market value, not the cost basis (original investment)
• Reduce or eliminate capital gains tax
• Reduce your taxable estate

REAL ESTATE

A home…a farm…business property…undeveloped land. If you have real estate assets that you would like to use to fund your philanthropy, the North Texas Community Foundation can help. We can accept the gift outright, or show you how a charitable trust can be used to convert your asset into a gift that also produces income. Because each gift of real estate is unique, a knowledgeable Community Foundation staff member will guide you through the process of making such a gift.

The Community Foundation’s ability to help donors transform complex assets into long-term vehicles for giving is just one of the many ways we make giving easy.

Highlights:
• Charitable deduction based on the appraised fair market value, not the original investment
• No capital gains tax
• Reduce your taxable estate
• Relieves you and your heirs of the burden of selling the property

THE WINBORNES

Drew Winborn grew up in a family that considered philanthropy and giving back extremely important. Winborn’s grandparents, Don and Linda Bowden, founded Fort Worth-based Wholly Guacamole and Fresherized Foods, both of which have been extremely successful. Winborn followed in his grandfather’s footsteps at Fresherized Foods. At the sale of the company, Winborn, his grandparents and his parents each decided to establish funds at the Community Foundation.

Winborn and his wife, Melissa, are most interested in using their fund to help people achieve their educational goals.

“The North Texas Community Foundation will help me put my money to the best use,” Winborn said. “I’m excited to learn from the Community Foundation.”

LELAND HODGES

Local business owner Leland Hodges taught his children many important lessons: the value of a dollar, his love of the land and, most important, his passion for helping others. Leland’s commitment to Fort Worth led him to give back to the city by opening a Donor Advised Fund to support local nonprofit organizations.

Capitalizing on the Community Foundation’s ability to accept a wide variety of non-cash assets, Leland finances his fund using both oil and gas rights and real estate. In 1995, Leland donated the KinderCare building, the leasing income from which was placed in his Donor Advised Fund. The Community Foundation sold the building in 2017 for double the original appraised value. The proceeds were placed in Leland’s fund, through which he supports his favorite Fort Worth charities.
The North Texas Community Foundation can generally accept non-participating royalty interest or overriding royalty interest, but does not accept working interests because of the accompanying investment necessary to extract the minerals as well as potential liabilities associated with production. Additionally, the income produced from a working interest would be considered unrelated business taxable income to the charity.

Documents and information needed for review include:

- joint operating agreement
- legal description of the interest
- ownership records
- leases
- record of royalty payments
- qualified appraisal if the value exceeds $5,000

Note: A mineral interest that is not currently producing is considered to have no value for charitable deduction purposes. Once production has started, the donor is entitled to deduct the appraised market value of the interest. A donor that gives a gift of a mineral interest valued at more than $5,000, and who desires a tax deduction, will need a qualified appraisal to substantiate the value of the gift. In order to claim a charitable deduction for the gift, the donor needs to contribute their entire interest or an undivided percentage of the entire interest. Otherwise, the “partial interest rule” will prohibit a deduction. If a donor has started, the donor is entitled to deduct the appraised market value of the interest. A donor that gives a gift of a mineral interest valued at more than $5,000, and who desires a tax deduction, will need a qualified appraisal to substantiate the value of the gift. In order to claim a charitable deduction for the gift, the donor needs to contribute their entire interest or an undivided percentage of the entire interest. Otherwise, the “partial interest rule” will prohibit a deduction. If a donor owns both the surface and the mineral rights, it is not permissible to solely donate the mineral rights or the surface rights and claim a charitable deduction.

OIL & GAS AND MINERAL RIGHTS

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LIFE INSURANCE

Donating your life insurance policy is an inexpensive way to make a substantial contribution to the North Texas Community Foundation. Many people find in later years that they don’t need all the insurance they anticipated, or they may choose to purchase a new policy to leverage their gift. Three common methods allow you to turn life insurance policies into a charitable gift:

1. List the Community Foundation as the beneficiary when purchasing a new life insurance policy, or execute a change of beneficiary form on a current policy. Upon your passing, your estate receives a charitable deduction and the death benefit passes to the Community Foundation tax-free.

2. Donate an existing, paid-up life insurance policy to the Community Foundation or purchase a new paid-up policy in the Community Foundation’s name. You should receive a current income tax deduction equal to the lesser of your basis in the policy or the policy value.

3. Transfer an existing insurance policy or purchase a new policy on your life and name the Community Foundation as the owner. Every year you donate sufficient funds to the Community Foundation to pay the annual premiums, these contributions are tax-deductible (subject to individual limitations).

CHARITABLE TRUSTS

Charitable trusts allow you to “donate the tree, and keep the fruit” or “donate the fruit, and keep the tree.” A valuable option in estate planning, charitable trusts provide maximum flexibility for giving to charity and securing a life income.

Charitable Lead Trust

Donate income to the Community Foundation and retain the principal. Determine how much will be paid to the Community Foundation and for how long. The principal that remains after the trust terminates will revert back to you or pass to another designated individual. Choose between variable or fixed income payments.

Charitable Remainder Trust

A Charitable Remainder Trust pays you and/or other beneficiaries an amount of money for the beneficiaries’ life or for a term of up to 20 years. At the end of the term, the remainder is then paid to a charitable beneficiary.
Once you have established your philanthropic goals and identified assets to give, you can determine which giving instruments best meet your financial objectives.

Whether you want to give during your lifetime or establish a legacy through your will, remove assets from your estate, avoid taxes on capital gains, establish a life income or preserve more of your estate for your heirs, the North Texas Community Foundation can help. Our staff is happy to meet with you to discuss giving alternatives and opportunities. All assets discussed in the preceding pages can be donated during your lifetime or through a charitable bequest in your will.

**CHARITABLE BEQUESTS**

Gifts provided through wills or trusts have become the foundation of the American philanthropic tradition. Such gifts enable you to make significant contributions that may not have been possible during your lifetime.

When you remember the North Texas Community Foundation in your will, you may reduce your estate taxes while supporting your community. You may contribute a specific dollar amount, property, or a percentage of your estate. You may also give a remainder of your estate after bequests to friends and family.

When planning a bequest to the Community Foundation, be sure to speak with a member of our professional staff. Additionally, please set aside time to speak with your estate planning advisors. They will ensure that your wishes are clearly defined in your will.

A bequest can take various forms. You and your advisor may consider the following sample language for an outright bequest or distribution:

"I give, devise and bequeath ________ (describe dollar amount, property to be given, or proportion of residuary estate) to the North Texas Community Foundation, a nonprofit corporation located in Fort Worth, Texas 76102, tax identification number 75-2267767."

Sample language for other situations is available upon request.

**INVESTMENT OPTIONS**

The investment policy of the Community Foundation offers a broad array of investment options to ensure donor advisors have the flexibility to invest funds in assets that meet the timeframe of expected grant recommendations. Donors should consider how long they expect to hold the majority of the balance of their fund, whether or not they hope that it appreciates and if they can tolerate fluctuations in the balance. Funds exposed to anything other than cash will experience both appreciation and depreciation, but would be expected to grow over the long term. Funds exposed only to cash will maintain current value, but the real value of these funds will erode over time because of inflation and administrative fees.

- **Long-Term Portfolio:** Investment objective is to assure a long-term rate of growth sufficient to offset normal inflation, administrative fees, and investment fees, plus regular distributions in perpetuity in accordance with the Community Foundation's defined spending rate. Target: 81% Equity / 19% Fixed Income.
- **Balanced Portfolio:** Primary investment objective is to provide a less volatile return option. Generally appropriate for funds that require minimal, or no nominal growth (before inflation) after payouts, or funds that have a time horizon between five and ten years. Target: 57% Equity / 43% Fixed Income.
- **Short-Term Portfolio:** Investment objective is to provide payouts with moderate year-to-year volatility. Intended for non-endowed funds with predictable grantmaking over a period of greater than three years. Will most likely experience moderate fluctuations to principal and may experience some reduction of purchasing power over time due to inflation. Target: 42% Equity / 58% Fixed Income.
- **Cash:** Investment objective is to maintain a stable investment value. This is a “dollar in, dollar out” investment option. There will be no investment returns on 100% cash.

**OUTSIDE ADVISORS**

The North Texas Community Foundation permits donors with fund balances of $500,000 or more to recommend the investment advisor of their choice to manage the assets attributed to their funds. The Community Foundation retains the recommended investment advisor to manage the assets for such a fund, provided the investment advisor follows the Community Foundation’s investment policy with regard to individually managed fund accounts.
ADMINISTRATIVE FEE SCHEDULE FOR DONOR ADVISED FUNDS

The North Texas Community Foundation’s fees support the administrative requirement of your fund and the philanthropic activities that enable your charitable gifts to meet the highest possible standards. Fees also support further investment in our region including research on civic concerns, leadership collaboration on critical issues and encouraging philanthropy in our community.

ANNUAL ADMINISTRATIVE FEE SCHEDULE

<table>
<thead>
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Investment and banking fees are assessed separately from the administrative fee. The minimum amount to establish a fund is $25,000. This schedule represents an annual cumulative stepped fee on the market value of the fund, assessed 1/12th monthly. Amounts distributed via grant recommendations within 180 days of contribution to the fund will be assessed the annual administrative fee at the time of distribution.

Additional Fees

Certain funds are subject to fees commensurate with additional administrative requirements. These include:

- Field of Interest Funds: The Community Foundation reserves the right to charge up to 3% annually on grants distributed when a customized grant cycle is required to identify the best performing nonprofits in an interest area.
- Special Project Funds: Fees are determined on each project and based on the number of hours required for the work.
- Scholarship Funds: 3-5%, according to the level of hours required.

Other Expenses

The North Texas Community Foundation may apply specific related legal and other expenses in connection with the creation and administration of the fund or unusual out-of-pocket expenses related to the operation of the fund. This can include, but is not limited to, credit-card fees, brokers, agents, or other fees for liquidating stocks or other management-intensive assets (such as real estate). These additional expenses will be directly charged to the fund.

OUR CORE VALUES

SERVE

We tailor our services to help local families, individuals and corporations achieve their charitable goals.

STEWARD

We oversee the gifts placed in our care with an eye toward permanence and growth by employing sound investment strategies.

IMPACT

We help ensure fundholders’ charitable gifts are used effectively to fulfill our community’s most critical needs while honoring donor intent.

GROW

We expand charitable giving by being proactive, responsive, flexible and solution-focused partners to our fundholders and their professional advisors.

INSPIRE

We ignite powerful, rewarding philanthropy throughout the region by lifting up the many ways in which generous donors invest in effective nonprofit organizations to make an impact in our community.

OUR MISSION

To strengthen the community through civic leadership and encourage philanthropy by providing community knowledge and reliable stewardship to those who wish to fulfill their charitable goals in a meaningful way, during and beyond their lifetime.

EXECUTIVE TEAM

Rose Bradshaw
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Laura McWhorter, CFRE
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Stan Ninemire
Chief Financial Officer
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Vicki Andrews
Director of Donor Relations
vandrews@northtexascf.org

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We gratefully acknowledge our friends at the Arizona Community Foundation for developing the template for this giving guide.