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Charitable advice and tips of the trade for professional advisors

Under Advisement

charitable advice for professional advisors

Oct 26 Seminar Aims to "Make Philanthropy Great Again"



Bonnie Orr, CPA



Richard Shapiro, Esq.

The Community Foundation of Orange and Sullivan will host an educational seminar & networking event with local professional advisors. The **"Make Philanthropy Great Again - How to be a Philanthropist, and Did You Know You Could?"** seminar runs from **3:00-5:00 p.m.**, on Thursday, **Oct. 26**, in the **Sen. William J. Larkin, Jr. Conference Room, Orange County Chamber of Commerce, 30 Scott's Corners Drive, Montgomery.**

This FREE seminar is geared toward donors, Community Foundation fund representatives, and donor prospects, though professional advisors are welcome to attend, also. Continuing Education credits will not be offered, however. The seminar will educate attendees about how to be an engaged philanthropist and will foster learning and inspiration while building capacity so that philanthropic ambitions for attendees, their families, and their communities can be achieved.

CPA **Bonnie Orr**, Partner at **Judelson, Giordano & Siegel CPA, P.C.** and **Richard J. Shapiro, Esq.**, Partner at the law firm of **Blustein, Shapiro, Rich & Barone, LLP**, will be among the seminar presenters, along with event organizer **Susan Diamond**, Founder of **Link2Change**, and **Elizabeth Rowley**, President & CEO of the **Community Foundation**. Seminar presenters will host workshops and touch upon the following areas: wealth transfer; heir preparedness and philanthropic planning; philanthropic tax strategies; differences among charitable vehicles; how to activate a strategic giving plan; looking at charity as a way to transfer wealth; and the benefits of donating long-term appreciated assets or complex assets.



Susan Diamond

CLICK HERE
TO REGISTER

To register, click the registration button to the left, or visit <http://cfosny.org/event>, or call the Community Foundation at (845) 769-9393.



Maureen
Crush, CPA

ADVISOR INSIGHTS

How to Dissolve a Private Foundation - and - Why Working with the Community Foundation Can Be Easier for Your Clients

A private foundation is one of two kinds of charitable, tax-exempt organizations that meet requirements of Internal Revenue Code ("IRC") §501(c)(3). A private foundation is usually formed by wealthy individuals, families or companies to provide a large endowment. Money is invested and the interest is used to fund charitable activities.

Why dissolve a private foundation? There are two primary reasons...

The first is **because it is no longer cost-effective to operate**. A private foundation is highly regulated - accounting, auditing and tax reporting requirements are substantial and there may be an office, paid staff and insurance to protect the Directors and Officers. The second reason is often the **aging and loss of family members or founders interested or able to serve as Directors and Officers** - people who were directly involved in deciding each year about what the foundation would give and to which organizations.

When a decision is made to dissolve a private foundation, it is state law which controls that process. Here in New York, **approval of the Attorney General is required**. This ensures the remaining funds are distributed to another charitable organization that either matches the charitable purposes of the private foundation or honors the specific dissolution directive in the governance documents of the dissolving foundation.

Partnering with a community foundation when dissolving a private foundation can offer an attractive option. A community foundation is in many ways a pool of multiple small private foundations. **A private foundation that has become too costly to operate could be dissolved and its assets converted to a fund with the Community Foundation**. The Community Foundation Board of Directors engages and monitors professional investment advisors to carefully manage the funds which are pooled for economies of scale. Only a single tax return is filed by the Community Foundation aggregating the performance of all of the individual funds - a substantial savings. Similarly, one annual audit of the Community Foundation replaces individual audits of each component fund. Additionally, if the dissolving foundation transfers funds to the Community Foundation, there can be virtually no loss of control of interested founders in the gift or grant making choices each year.

The steps for dissolution in New York are complicated, beginning with the adoption of a Plan of Dissolution by the Board of Directors and approval of the Plan by members, if any. The Plan must include a description of the assets and liabilities as well as describe the intended transfer of the assets and the recipient charity.

Dissolution must be made by the charity receiving the funds. Copies of the governing instrument of such charity, its most recent financial report and evidence of its tax exempt status are needed. The receiving charity must also enter into an agreement with the dissolving foundation stating that the assets will be used for the intended purpose. **In the Community Foundation this is handled through readily available donor advised or designated fund agreements.**

A Petition to the Attorney General must then be prepared. To it will be attached the Plan of Dissolution, the certificate of incorporation of the dissolving foundation, and all of the required documents from the receiving charity. A proposed Order Approving the Plan of Dissolution is also submitted with the Petition as a package to the Attorney General for approval.

Once approved, the dissolving foundation has 270 days to complete the Plan and prepare a final financial report showing no assets or liabilities. At that time, the Certificate of Dissolution can be prepared with a second Petition to the Attorney General for its approval, which when approved and filed with the New York Secretary of State will effectively dissolve the foundation.

Attorneys and accountants, working closely with a receiving charity, such as the Community Foundation, can assist with the dissolution process. Smaller foundations can be dissolved in under a year. The dissolution of a larger foundation, with assets that traditionally may be restricted, could take upwards of a year or two to complete the entire process.

Maureen Crush heads the corporate and commercial practice group at Crush & Varma Law Group. She practices primarily general corporate and business transaction law, and trusts and estates. She also has extensive not-for-profit corporate law experience providing advice to her clients throughout the Hudson Valley on governance, compliance, formation, mergers and affiliations.

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UPCOMING FALL EVENTS & DEADLINES

Sept 15

Estimated Tax payments due (IRS Form 1040ES) for 3rd quarter; **Extended deadline for Partnership Tax Returns** (IRS FORM 1065).

Extended deadline for S-Corp returns (IRS Form 1120-S). **Final deadline to file corporate tax returns for the year 2016 if an extension was requested.** (Forms 1120, 1120A, 1120S)

- Oct 2** **Extended deadline for trust and estate income tax returns** (IRS Form 1041)
- Oct 14** **Hudson Valley Estate Planning Day** - 8:00 am - 2:00 pm, Marist College Student Center - Nelly Goletti Theater. Hosted by Hudson Valley Estate Planning Council, this event features estate planning speakers and includes lunch. Sponsored by Community Foundation of Orange and Sullivan. **For more information call Stewart Glenn at (845) 561-1951.**
- Oct 16** **Extended deadline for C-Corp tax returns** (IRS Form 1120); **Last day to file electronic tax returns for 2016.**
- Oct 26** Free Seminar: **Make Philanthropy Great Again** - 3:00-5:00 pm, Sen. William J. Larkin, Jr. Conference Room, Orange County Chamber of Commerce, 30 Scott's Corners Drive, Montgomery. CPA Bonnie Orr and Attorney Rich Shapiro among speakers. No credits. **Register or call (845) 769-9393.**
- Nov 15** **Community Foundation of Orange and Sullivan's Annual Reception** - 5:30-8:30 pm, Anthony's Pier 9, New Windsor, honoring Tom & Janet Sullivan (Orange County) and Anthony & Nancy Kane (Sullivan County). **For sponsorships, journal ads, or RSVPs call (845) 769-9393**
- Nov 28** **NYGivesDay & GivingTuesday** - Again, #NYGivesDay will occur in tandem with #GivingTuesday, the largest giving movement in the world, which falls on the Tuesday following Black Friday and Cyber Monday. From 12 am to 11:59 pm, hundreds of participating nonprofits will showcase their missions, boost awareness for their important causes, and raise funds to kick start their year-end fundraising. **Support your favorite charities here: NYGivesDay or GivingTuesday.**
- Nov 29** **National Philanthropy Day** - Each fall, the Association of Fundraising Professionals Mid-Hudson Valley Chapter (AFPMHV) gathers civic leaders, board members, volunteers, and philanthropists to further educate and celebrate the culture and the spirit of philanthropy. **7:30 am - 2:00 pm, Anthony's Pier 9, in New Windsor.** Keynote speaker, awards, educational programs, vendors. Click here for a sponsorship form. Professional Advisors offer valuable resources to the not-for-profit community. Come



Edie Haughney, CIMA
Financial Planner,
Amerprise Financial



Christine Rolando
Board President
SAIL Foundation



Michelle Hathaway
Director of
Development, CFOS

PHILANTHROPY IN PRACTICE

For the busy Professional Advisor, there are many ways to help your clients work with the Community Foundation of Orange and Sullivan

Michelle Hathaway:

How did you first hear about the Community Foundation of Orange and Sullivan (CFOS)? Please tell me about the mission of SAIL.

Christine Rolando: I was introduced to CFOS when it first started, through another not-for-profit that I was working with and which set up one of the first funds with CFOS. I have always been passionate about helping those with special needs. Our mission at **Strategic Access to Independent Living – SAIL Foundation** – is to create a sustainable, supportive residential base for high-functioning members of the special needs community by equipping them for independent living through a flexible and guiding culture of support. Through SAIL, we provide grants to 501(c)(3) nonprofit organizations in the fields of supportive housing and employment opportunities. We also award grants for job training for individuals with deficit in executive function. High functioning young adults with executive function disabilities are often neglected because they appear to be normal, but lack life management skills. Deficits include Asperger's Syndrome, Post-Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury (TBI). Only 16% of people with disabilities are employed.

Michelle Hathaway:

What do you see as the benefit to being a "component fund" affiliated with CFOS?

Christine Rolando:

As a past Executive Director of two not-for-profits, I know it takes a dedicated team to sustain an agency. As a "component fund" affiliated with CFOS, it's like the SAIL Foundation is surrounded by a multitude of experts in the field. The staff, the board, and professional advisors affiliated with CFOS are not only knowledgeable, but willingly offer their guidance whenever needed.

Edie Haughney:

How can a Professional Advisor help your organization?

Christine Rolando: In our effort to develop an effective model that can be replicated in other communities, we rely on Centers of Influence that include financial advisors, attorneys, and CPAs to identify those with special needs in the community and also to help us create a stream of revenue to fund SAIL programs. For example, you recently helped on our committee to plan our upcoming SOAR women's empowerment conference which will ultimately benefit SAIL

<http://www.soar2017.org/>

Eddie Haughney:

What else can a Professional Advisor do to help funds like yours which are affiliated with the Community Foundation? Please explain.

Christine Rolando: Our objectives are to coordinate support services and provide job coaching, and perhaps facilitate job placement. Professional Advisors have a developed list of community of contacts – even clients – who may have an interest in connecting with or supporting Donor-Advised Funds, like ours. SAIL Foundation, Inc. of NY is the conduit to independent living. Connecting your contacts and clients to us could help us build affordable rental housing and develop a sustainable community for SAIL participants.

Eddie Haughney:

What is involved with building a residential based community? Is this something a Professional Advisor can help with? Are there other ways a Professional Advisor can make a difference to a charitable organization like yours?

Christine Rolando:

Let's face it: Everything takes wise planning and committed advisors, donors and of course connections. You never know who may need the help of the SAIL Foundation. So, together, we can make a difference.

Eddie Haughney is a Financial Advisor and franchise owner with Ameriprise Financial Services, Inc. She offers custom, comprehensive financial advice and a broad range of solutions to clients and their loved ones live brilliantly, now and in the future.

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**FASCINATING
PHILANTHROPY FACTS**



Did you Know?

- 88% of US voters think it should be easier to deduct charitable contributions from their taxes. Source: *United for Charity, Independent*

Sector, www.independetsector.org/polling

- 74% of US voters would rather give \$1,000 to charity than to the federal government. Source: *United for Charity*, Independent Sector, www.independetsector.org/polling
- For a charity to accept a single \$100 donation by a first-time donor, a check is the cheapest method of payment, costing the charity \$3.61 to process; a credit card payment costs \$4.25 and a digital wallet transaction costs \$4.15. Source: *Understanding the Costs of Charitable Giving*, from PayPal.
- The numbers of Donor-advised funds will expand even further in 2017, building on another record year in 2016. This remains one of the biggest stories in philanthropy, underscoring today's mass hyper-affluence and new patterns of giving. Some of the largest U.S. grantmakers are now DAFs. Fidelity Charitable, for example, is second only to the Gates Foundation in how much money it gives annually. But DAFs face threats in 2017, too, as Congress takes up tax reform, finally giving critics an opening to push DAF reform. Source: *Inside Philanthropy*
- \$27 BILLION has been directed to charitable causes by clients of Fidelity Investments since they began offerinf Donor Advised Funds. Source: *Philanthropy magazine*, Summer 2017 issue

PHILANTHROPY IN THE NEWS



How Donors Should Choose the Right Philanthropic Advisor:
([Forbes](#) - [click here to read](#))

Life Insurance in Uncertain Times: the ILIT (or hybrid DAPT) May
Provide a Hedge ([Wealth Management.com](#) - [click here to read](#))

Measuring the State of Disaster Philanthropy: Data to Drive
Decisions ([Foundation Center](#) - [click here to read](#))



"Connecting People Who Care With Causes That Matter"

We are one of about 750 community foundations in the U.S. and 1,300 across the globe. Since our establishment in 1999 we have established more than 280 charitable funds, now representing more than \$25 million in philanthropic capital for our region. Through the generosity of donors and fund representatives we have awarded more than \$10 million in grants and scholarships to date.

Our President & CEO and our Director of Development are both always available to help advisors meet their clients' charitable giving needs.



Elizabeth Rowley
President & CEO
elizabeth@cfosny.org



Michelle Hathaway
Director of Development
michelle@cfosny.org

Additionally, we can provide:


Personalized gift planning illustrations for your clients - ranging from charitable remainder trusts, charitable lead trusts, wealth replacement options and insurance trust illustrations.

Confidential gift planning through anonymous charitable funds.

Legal review of fund documents by our own legal counsel

Portable Tools for Professional Advisors

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STAY CONNECTED:



**Professional Advisors Council of the
Community Foundation of Orange and Sullivan**
(partial grouping above)

Richard J. Shapiro, Esq., Chairman

The **Professional Advisors Council** is comprised of attorneys, accountants, insurance professionals, and financial planners. The council hosts educational and networking seminars for Professional Advisors to network and earn CLE & CPE credits. The Council also assists in creating this e-newsletter quarterly. The **Community Foundation of Orange and Sullivan**

also acknowledges our **Professional Advisors Society** which recognizes legal and financial advisors for their commitment to our community and for their efforts to advance and encourage charitable giving throughout the region.

Interested in joining or learning more? Please reach out.
michelle@cfosny.org **845.769.9393** **cfosny.org**