

a giving guide



LAKESHORE COMMUNITY
F o u n d a t i o n

father . grow . give

table of contents

1	What is a Community Foundation?
3	Lakeshore Community Foundation
3	Our Mission
4	Benefits of Giving Through Your Community Foundation
6	Fund Basics
8	Types of Gifts
10	Types of Funds
12	Deciding to Give
13	Charitable Income Tax Deductions for Individuals
14	Community or Private Foundation

Manitowoc Office: 920.682.5222


Sheboygan Office: 920.458.1920

www.LakeshoreCommunityFoundation.org
915 Memorial Drive, Manitowoc, Wisconsin 54220

what is a community foundation?

A community foundation is a tax-exempt, public charity that is organized and operated primarily as a permanent collection of funds for the perpetual benefit of a defined geographic region. The collection of funds is comprised of contributions, large and small, from clients with diverse philanthropic interests. Community foundations bring to life client-driven philanthropy that is visionary, diverse, and inclusive.

The first community foundation was established in 1914 in Cleveland, Ohio. Within five years, community foundations were formed in Chicago, Boston, Milwaukee, Minneapolis, Rhode Island, and Buffalo. Community foundations are the fastest growing sector of philanthropy, with more than 700 organized across the United States today.

 *with an endowed
charitable fund,
your impact
on the community
never ends!*



Our area's growth and prosperity have long been enhanced by the charitable gifts of many generous people who have given back to their communities. Today, that spirit continues through the work of Lakeshore Community Foundation. In partnership with philanthropic clients, Lakeshore Community Foundation will help to assure that our area continues to grow and prosper.

Lakeshore Community Foundation

Your community foundation, Lakeshore Community Foundation, was created in 2009 to enable the people of the Lakeshore Area of East Central Wisconsin to make lasting charitable contributions to their communities. As a tax exempt, public charity, we receive, administer, and distribute gifts from individuals and organizations for the long-term benefit of the Lakeshore Area. We accept a variety of gifts, and we design giving plans for clients with a variety of philanthropic interests. Each fund at the Foundation has its own identity and charitable purpose. Each fund benefits from pooled investments to create a lasting community resource. Although gifts and giving plans may vary, the generosity and foresight of each client reflects an enthusiastic commitment to improve our communities for future generations.

Lakeshore Community Foundation is governed by a Board of Directors that is responsible for the overall strategy, policies and management of the Foundation. This governing body acts as the steward for the Foundation's financial resources and awards grants to build stronger, more vibrant communities in the Lakeshore Area.

Our Mission

To gather, grow, and give charitable financial resources in order to build stronger, more vibrant communities now and into the future.

Benefits of giving through your community foundation:

Ease	You receive prompt, personal service. We can establish most funds in one brief meeting. We work to keep paperwork to a minimum, and communicate in simple, direct terms. You create a fund and decide on a name. The name can honor family or friends, or protect your anonymity.
Flexibility	We invest the assets, make distributions, and handle all the administrative details.
Convenience	
Recognition	
Permanence	You invest in the causes you care about the most. We make it easy for you to choose your charities.
Charitable Impact	We can gather information about the many local agencies and programs working to enhance our communities.
Economies of Scale	Your gift will be managed wisely. Because we pool contributions, investment management and administrative costs are kept to a minimum so that we can maximize the impact of your gift. And, because Lakeshore Community Foundation is a public charity, all contributions qualify for the maximum available tax deduction allowed by law.
Public Accountability	
Tax Advantages	

You have many giving options.

We offer a variety of ways to give. The best option for you depends on your financial situation, what you want to achieve, and how you choose to accomplish your objectives. We will work with you and your tax, legal, or financial planning advisor to come up with the best plan for your situation. We are flexible in meeting nearly any charitable goal.

Your gift will give forever.

We build endowment funds that benefit our communities forever and help you to create a personal legacy. For example, thanks to the power of endowment and time, a \$50,000 gift to Lakeshore Community Foundation can produce nearly \$200,000 in grants and still grow to a balance of more than \$219,000 in 50 years (based on 8% returns and 5% spending).

Your gift will be secure.

We oversee investing funds with a focus on diversification to help control risk, while achieving long-term growth to offset inflationary impact, and allow for current and long-term support of your charitable interests. Each year we engage an independent auditor to perform an audit of the Foundation and publish our financial statements.



fund basics

Whether you have a clear view of what you wish to accomplish with your philanthropy or an idea that's taking shape, we can help you achieve your philanthropic goals. Your options range from creating an unrestricted fund for the common good, to establishing a donor advised fund from which you can recommend grants to your favorite charities at any time, to designating one or more organizations to benefit from your gift in perpetuity.

A fund agreement defining your charitable intentions is required to establish an individually named fund with Lakeshore Community Foundation. Your fund may be set up in your name, the name of a loved one, or you may remain anonymous. If you wish to share the story of your gift, we will interview you about your history, values, and philanthropic goals. Your name and story will become part of our permanent archives and will be retold for generations to come. We invest and administer the fund on your behalf. Every year, a portion of the earnings from your fund is granted according to your wishes.

Once your fund is established, you can make contributions to it in any amount at any time. You will receive a tax deduction at the time your fund is established and when you make additional contributions to your fund. If you wish to make a contribution to the Foundation but are not inclined to establish a fund, you may make a contribution to any of the existing funds.

Your fund may be endowed or expendable. An endowed fund preserves the principal and only a portion of the earnings is available for grantmaking. An expendable fund allows the entire fund balance to be available for grantmaking. While we offer both endowed and expendable funds, we encourage you to consider an endowed fund since it will impact your community forever.

How it Works

gather

Client signs fund agreement and transfers tax deductible gift to individual fund, in client's name, at community foundation.

grow

Client's individual fund is invested for the long term.

give

Earnings from client's individual fund are used to make grants to charitable organizations according to client's wishes.



types of gifts

Gifts to Lakeshore Community Foundation come in all shapes and sizes. Whatever the asset, each gift is an important contribution to your community.

Cash

A gift of cash is the most popular type of charitable gift because of its simplicity.

Stocks, Bonds, Mutual Funds

Gifts of appreciated property in the form of stocks, bonds or mutual funds represent the most common type of non-cash gifts.

Retirement Assets

Retirement assets, such as an IRA, are some of the most tax efficient assets to transfer to a charity during your lifetime or upon your passing, and you preserve your hard-earned assets for the good of your community.

Real Property

Real property assets, such as a home, can be used for a charitable gift. Our staff will be happy to discuss with you the process and details of making such a gift.

Bequest

A simple bequest in your Will can make a lasting gift to your community. You may give a specific dollar amount, property, or a percentage of your estate.

Charitable Lead Trust

With a charitable lead trust, you provide income to a charity, such as Lakeshore Community Foundation, and retain the principal. You determine how much will be paid to the charity and for how long. After the trust terminates, the remaining principal reverts back to you or to another designated individual.

Charitable Remainder Trust

With a charitable remainder trust, you provide income for yourself and/or a loved one for a specified term. At the end of the term, the remainder is paid to a charitable beneficiary such as Lakeshore Community Foundation.

Life Insurance

Life insurance is a simple way for you to give a significant gift to charity. If you name Lakeshore Community Foundation as the beneficiary of a policy, your fund receives all or a portion of the proceeds from the policy after your lifetime.



Types of funds

Whatever your aspirations are for the future of your community, we offer a continuum of funds designed to be responsive to your charitable interests.

Agency Fund

An agency fund is established by a nonprofit organization for its own benefit. The nonprofit organization receives annual distributions from the fund for purposes established by the nonprofit organization. Agency funds are best suited for the nonprofit organization that would like to benefit from the Foundation's investment management and fund administration.

Designated Fund

A designated fund allows you to specify one or more nonprofit organizations that will be supported by your fund. The designated fund is best suited for the client who wishes to support a particular charity but wants third-party oversight to ensure that principal is not invaded or that the gift is used as specified.

Donor Advised Fund

A donor advised fund allows you to easily manage charitable giving, as part of overall financial and tax planning, without the obligation of running a private foundation. You can add to your fund at any time and make grant recommendations to any charity that meets Internal Revenue Service guidelines. We handle the administrative and investment management details. The donor advised fund is best suited for the client looking for an efficient and cost effective alternative to a private foundation, the client who wishes to remain active in making grants to favorite charities, or the client who wishes to cultivate family philanthropy by appointing successor advisors to the fund.

Field of Interest Fund

A field of interest fund allows you to address an area of particular importance to you, including but not limited to animal welfare, arts and culture, community development, public safety, education, youth, environment, health, or human needs. We honor your wishes forever by annually awarding grants from your fund to organizations and programs within your area of interest. The field of interest fund is best suited for the client who wishes to support a specific area of interest rather than specifying one or more nonprofit organizations as beneficiaries of the fund.

Unrestricted Fund

An unrestricted fund allows you to address the changing opportunities in your community by assigning Lakeshore Community Foundation complete discretion in awarding grants from your fund. The unrestricted fund is best suited for the client who recognizes that community opportunities are everchanging and wants their fund to have the broadest impact on the community in perpetuity.

Supporting Organization

Established by an individual, family, business, or existing private foundation with a contribution of at least \$5 million, a supporting organization is a separate entity that operates under Lakeshore Community Foundation and enjoys public charity status. You select some of the board members of the supporting organization, maintain personal involvement, and support chosen causes and organizations while enjoying the favorable tax treatment of a public charity.

Deciding to give

Many people come to a point in their lives where they feel inclined to give back. They do so for a number of reasons, all very personal to them. If you are not certain of what you would like to accomplish with your giving, follow these four simple steps to clarify your goals, and then meet with us to further define them:

1. Define your passion.

What issues do you care about?

What organizations do you currently give to?

What gives you the greatest satisfaction?

2. Create your plan.

If you could change three things in your community, what would they be?

Do you prefer to fund buildings, operations, projects?

How much involvement do you want with the causes you support?

3. Determine your giving level.

What are your financial objectives?

What is your tax situation?

What is your charitable comfort level?

4. Implement your strategy.

Prioritize needs, programs, and opportunities.

Determine the best giving instruments to accomplish your financial goals.

Make gifts and grants.

Charitable income tax deductions for individuals

Type of contribution	Amount that can be deducted	Percentage of AGI* that can be deducted in one year
Cash	Fair market value	60 Up to 50 % (2018-2025)
Short-term capital gain property (held less than 12 months) such as stocks, bonds, and other capital assets, the sale of which at fair market value would yield short-term capital gain.	Cost Basis	Up to 50%
Long-term capital gain property (held more than 12 months) such as stocks, bonds and other capital assets, the sale of which at fair market value would yield long-term capital gain.	Fair Market Value	Up to 30%
Long-term appreciated real property	Fair Market Value	Up to 30%

Note: Contributions in excess of the percentage limitation may be carried over for charitable deduction purposes in the five succeeding taxable years. Please review your giving options and related tax benefits with your professional advisor.

*AGI: Adjusted Gross Income

Community or Private Foundation: Which option is right for you?

When you want to make a difference in your community and create a family legacy, your options range from creating a private foundation to the public charity alternatives offered by a community foundation, namely a donor advised fund or supporting organization. While private foundations allow for greater donor control, the administrative requirements and operating costs can be substantial. The chart on the opposite page compares some of the key features of a private foundation with those of a donor advised fund and supporting organization.

Though many people enjoy the experience of giving through a private foundation, sometimes private foundations run their course. In these cases, we provide an option for the transfer of funds, enabling you to terminate your private foundation yet continue its charitable mission. Terminating a private foundation may happen when:

- The work of a private foundation has become overwhelming.
- The next generation is uninterested or you have no heirs, but you wish to create a lasting legacy.
- Administration of the foundation seems too costly or cumbersome.
- Assets in the foundation have declined to an extent where the costs and annual payout requirement make it impractical to maintain.

comparing the options

Fund at Your Community Foundation

Private Foundation

Tax Deductibility

Deduct up to 60% (2018-2025) of AGI* for cash gifts; deduct up to 30% of AGI for gifts of long-term appreciated securities, real estate and closely held stock.

Ease of Establishment

Simple and quick to establish; could be done in one day.

Costs

Minimal fees; no start-up costs.

Grantmaking

No minimum annual payout; philanthropic services provided by community foundation.

Tax Deductibility

Deduct up to 30% of AGI* for cash gifts; deduct up to 20% of AGI for gifts of long-term appreciated securities, deduction limited to cost basis for gifts of real estate and closely held stock.

Ease of Establishment

Several months to establish.

Costs

Typically costly to set up and maintain; annual 1-2% excise tax on net investment income.

Grantmaking

Required 5% minimum annual payout; philanthropic services provided by private foundation.

*AGI: Adjusted Gross Income

Manitowoc Office: 920.682.5222

Sheboygan Office: 920.458.1920

www.LakeshoreCommunityFoundation.org

915 Memorial Drive, Manitowoc, Wisconsin 54220



LAKESHORE COMMUNITY
F o u n d a t i o n

gather . grow . give



gather . grow . give