

GIVING PRIVATELY HELD BUSINESS INTERESTS

As a business owner, does your exit strategy involve charitable giving? Including giving in your exit strategy can help mitigate your tax liability and benefit your community. If you are interested in making a private business interest gift to your donor-advised fund, here are the steps you will take.

1 BEFORE YOU MAKE THE GIFT

- ▶ Confirm the transferability of the business interest to charity.
- ▶ Consult with your tax advisor about:
 - ▶ gift timing
 - ▶ potential tax savings and possible charitable deduction
 - ▶ a pre-sale business interest gift versus a post-sale cash gift
- ▶ Discuss the potential gift and exit strategy with Greater Horizons.
- ▶ Complete a short donation form available at greaterhorizons.org/business-donations.
- ▶ Send the following documents to Greater Horizons for review. *Greater Horizons can sign a non-disclosure agreement if requested.*
 - ▶ Articles of Incorporation, Certificate of LP Formation or LLC Articles of Organization
 - ▶ Bylaws and shareholders agreement, LP agreement or LLC operating agreement
 - ▶ Most recent financial statement and tax return
- ▶ Select a qualified appraiser to prepare your gift appraisal. *The appraisal is not required prior to making the gift.*

2 STEPS TO MAKE THE GIFT

- ▶ Establish a donor-advised fund at Greater Horizons, if you do not currently have a fund.
- ▶ Work with your counsel to prepare transfer documents and any necessary consents for Greater Horizons to review and sign.
- ▶ Review and sign Greater Horizons' gift agreement.
- ▶ Transfer cash or marketable securities to your donor-advised fund to cover Greater Horizons' one-time transaction fee (if applicable) and donor-advised fund administrative fees.

MORE 

3 AFTER YOU MAKE THE GIFT

- ▶ Retain the tax receipt provided by Greater Horizons.
- ▶ Obtain a qualified appraisal for your gift, if you haven't already done so. Ensure the appraisal meets IRS requirements.
- ▶ Send a copy of your qualified appraisal to Greater Horizons, ideally by January 31 of the year following your gift. *If your gift is held for longer than three years in your donor-advised fund, we may need to obtain subsequent appraisals. Costs for subsequent appraisals will be charged to your fund.*
- ▶ Prepare and send IRS Form 8283 to Greater Horizons for signature. You and your qualified appraiser will sign the form prior to sending.
- ▶ Notify the business of Greater Horizons' ownership and confirm Greater Horizons will receive distributions and tax documents.
- ▶ Notify Greater Horizons of any ownership changes to ensure we abide by IRS rules regarding excess business holdings.
- ▶ Ensure there is sufficient liquidity in your donor-advised fund to cover any fees, taxes, calls and other expenses related to Greater Horizons' ownership of the business interest.

4 LIQUIDATING THE BUSINESS INTEREST FOR CHARITABLE DOLLARS

Our complex asset team's priority is to maximize the charitable dollars in your donor-advised fund, which you will use for charitable donations. Although Greater Horizons legally owns the business interest, our team will work with you on the timing and liquidation of the interest.

- ▶ Notify Greater Horizons of a potential third-party sale or company redemption. Provide any purchase agreement and consents that Greater Horizons will need to review and sign.
- ▶ Provide Greater Horizons with:
 - ▶ A copy of the final executed purchase agreement
 - ▶ Details regarding the distribution schedule for sale proceeds
 - ▶ Final tax documents (i.e., K-1)
 - ▶ Confirmation of the dissolution of the business, if there is an asset sale
- ▶ Use your donor-advised fund to support charitable causes and organizations on your timeline.

Questions? Contact us at corporatecounsel@greaterhorizons.org.

Greater Horizons does not provide tax, legal or accounting advice. This is for informational purposes only.