



## WHAT IS A COMPLEX ASSET?

Beyond cash equivalents and publicly traded stock, you can also contribute more complex assets to the foundation. Complex assets involve many steps to transfer and are typically illiquid. Donating complex assets may be more tax efficient than contributing cash or stocks and can provide liquidity for your charitable giving. The California Community Foundation (CCF) accepts a wide variety of complex assets, including:

- **Closely-held/Restricted stock**  
(see separate fact sheet)
- **Real estate** (see separate fact sheet)
- **Partnership or LLC interests**
- **Mutual funds**
- **Commodity interests**
- **Intellectual property/royalties**
- **Existing trusts**
- **Insurance**

## WHAT ARE THE BENEFITS OF CONTRIBUTING COMPLEX ASSETS TO CCF?

- Avoid costly capital gains taxes while realizing the maximum tax deductibility of your donation
- Donors without liquidity can use illiquid assets for their charitable giving
- Most likely increase the amount of your charitable deduction compared with a private foundation
- Reduce or eliminate estate taxes

## at a glance

### Complex Assets

- Avoid capital gains tax on illiquid assets that have greatly appreciated in value
- Simplify your estate and reduce or eliminate estate taxes
- Work with CCF every step of the way, making the transfer easier

## CONSIDERATIONS

For all complex assets:

- All transfers of assets are irrevocable
- Subsequent sales of assets must not be prearranged
- Recent qualified appraisals are required for all gifts other than cash or publicly traded securities/mutual funds in excess of \$5,000
- Independent reports/background may be required depending on the asset
- In most cases, our policy is to liquidate the asset as quickly as possible

Processing a complex asset takes expertise. Each asset type comes with its own set of issues and rules that must be followed.

Donors interested in contributing a complex asset must consult with their legal, tax and financial advisors before making a decision.

## DONOR RESPONSIBILITY

- Obtain a qualified appraisal complying with IRS regulations to establish the value of the gift for federal income tax purposes
- Other due diligence is required. Contact CCF for a copy of our due diligence procedures.

# complex assets contributions in **action**

A donor established a Donor Advised Fund at CCF with shares of closely-held stock of the family business worth \$500,000 and claimed an income tax deduction in the year the gift was made based on the fair market value of the stock. CCF conducted due diligence, consulted with the donor and legal counsel to facilitate the transfer to CCF and subsequently sold the stock to the corporation in exchange for cash. The donor then began recommending grants to theatre arts and early education.

He also set up a legacy gift by naming CCF as the beneficiary of a 50 percent interest in a piece of commercial property, currently worth \$5 million. With this gift he will establish a restricted scholarship fund for students majoring in theatre arts at his alma mater, to be managed over the long-term by CCF.

To make a charitable contribution of a **Complex Asset**, contact Vice President of Development & Donor Relations Teresa Mosqueda at [tmosqueda@calfund.org](mailto:tmosqueda@calfund.org) or (213) 452-6298.

#### IMPORTANT LEGAL DISCLOSURE

The information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice.

The California Community Foundation does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation's board of directors.

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