

Closely-held business interests: Adventuresome giving



The number of businesses in the United States totals more than 27 million, but only a tiny [fraction](#) of those are publicly traded. Even so, your clients still have plenty of opportunities to give highly-appreciated marketable securities to fund their charitable endeavors. With the millions of closely-held businesses that aren't publicly-traded, though, many of your clients may have an untapped opportunity to give corporate interests, especially considering that private equity [fundraising](#) continues to soar.

As you talk with your clients about giving LLC and partnership interests, keep in mind that complex [tax and legal rules](#) may apply. For example, the operating agreement or partnership agreement will indicate whether interests can be gifted to charity in the first place. Another consideration in the case of an LLC is whether the entity is taxed as a partnership. Finally, if the interests are given to a public charity, such as a fund at the community foundation, in general, the contribution is deductible up to the fair market value of the gifted property (minus reductions for certain components that may include liabilities, short-term capital gain, and ordinary income).

Please contact the team at the community foundation to explore ways your clients can fund their charitable giving strategies through gifts of closely-held business interests. We'd love to help!