

EOA / Children's House

Making a Gift with Securities

Gifts of Appreciated Securities to EOA / Children's House

Donors can give EOA / Children's House gifts in the form of appreciated stocks, bonds, and mutual fund shares instead of cash. There are substantial advantages for the donor in doing so:

- Income tax deduction based on the fair market value - rather than the purchase price of the securities, if you own them for more than 12 months and itemize your taxes; and
- No capital gains tax on the appreciation which would be required if you sold the securities.

How to Give Securities

The two main ways to give appreciated securities to the EOA / Children's House are as follows: Children's House is a department of Economic Opportunity Agency, Inc. (EOA), but all donations of stock and any other security made to EOA which are designated for Children's House will not be used in any way other than what is outlined by the donor(s).

Share certificates held by donors:

The certificates should not be endorsed. Mail unendorsed certificates by first class or registered mail to the following address:

EOA Development Office
c/o Children's House
614 E. Emma Ave., Ste. M401
Springdale, AR 72764

479-872-7479 ex. 16

Send a signed stock or bond power for each certificate to the same address. You may obtain copies of stock or bond powers from your broker or banker. It may be copied if you are sending more than one certificate. Please mail the signed powers in separate envelopes.

Include in the envelope with the certificates your letter or memo describing the securities you are giving and specifying how you would like your gift utilized. It would also be helpful to include a copy of the letter or memorandum in the envelope with the stock powers.

In the event certificates have already been endorsed, please send them by insured mail or hand deliver them to the above address.

Shares held in street name (at your broker or banker):

Send a letter of instruction to your broker or banker directing that the securities be transmitted by wire transfer to Arvest Asset Management over the DTC system to "DTC # 0141" for further credit of Economic Opportunity Agency of Washington County, Inc.,

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Account # 2937-6199." Send a copy of your letter of instruction to the EOA Development Office at the address above. Please specify in the letter how you would like your gift applied.

Please advise EOA / Children's House by immediately calling the EOA Development Office at: 479-872-7479 ex. 16 or email mclintock_eoa@yahoo.com.

Example Scenario: James and Monica wish to make a significant gift to Children's House. Their monthly income and expenses do not allow them to make as large a gift as they would like, but they do have \$50,000 dollars worth of appreciated stock which they would like to use as a gift. The stock was purchased for only \$5,000, meaning James and Monica would have to pay significant capital gains tax to sell their asset and make a gift to Children's House.

However, by donating the stock directly to Children's House, James and Monica are able to deduct the full sale value of \$50,000 from their taxable income and they will not pay any capital gains tax because the stock is never sold. Children's House immediately sells the stock for its market value of \$50,000 and does not have to pay capital gains tax because of its 501(c)3 tax status.

By donating stock, James and Monica have maximized their giving potential by making a gift of \$50,000 with an asset which only cost them \$5,000, will enjoy the full income tax benefits of their gift and bypass having to pay additional taxes to carry out their philanthropic wishes.

Additional Information

Valuation: The value of a gift of securities is the mean of the high and low prices on the date one of the following happens:

- Securities are placed in the account in the name of Economic Opportunity Agency of Washington County, Inc.; or
- Securities and signed stock powers are hand delivered or mailed to the Development Office at the above address.

Splitting Certificates: If your certificate is for more shares than you intend to give to the EOA / Children's House, you may send the certificate in the manner described above, specifying the number of shares you wish to donate. We will follow your directions and send you a new certificate for the remaining shares. Of course, if the transaction is handled through a broker, the broker can arrange to split the certificate as directed.

Securities With Depreciated Value: Generally, it is not advisable to donate securities that are worth less than you paid for them. If selling the securities would result in a deductible loss, it is ordinarily advantageous to the donor to sell them, in order to establish a tax loss, and then donate the proceeds to the EOA / Children's House.

Income Tax Deductions: While you may deduct the fair market value of your gift of appreciated securities, you are limited in any one year to a maximum of 30% of your adjusted gross income. *However, any excess can be carried forward for up to five additional years (a total of six years to use the deduction).*

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Short-Term Capital Gain: Ordinarily it is not advisable to donate appreciated securities with short-term capital gain (owned 12 months or less) as income tax deductibility is limited to cost basis instead of market value.

Mutual Fund Shares: A gift of appreciated mutual fund shares to the EOA / Children's House results in the same tax benefits as a gift of appreciated stocks or bonds. However, the procedure is somewhat different. The donor needs to obtain the form or forms from his or her broker or mutual fund company, complete them, and forward them to the EOA Development Office at the address above for completion of EOA's portion of the form. EOA will transmit the form to the broker or mutual fund company to establish an account in the name of Economic Opportunity Agency of Washington County, Inc., into which the fund shares can be transferred. For more information or assistance, please contact the EOA Development Office at: 479-872-7479 or mclintock_eoa@yahoo.com.

Use of Your Gift: You may specify the particular use for your gift, such as school, project, or department, or it may be unrestricted if you desire.