



**MOVING FORWARD
GIVING BACK**



Rochester
Area Foundation

2010 REPORT TO THE COMMUNITY

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LETTER FROM THE CHAIR

As a member of the Rochester Area Foundation's Board of Trustees, I am constantly reminded of one of our community's greatest assets: our enduring philanthropic spirit. Amidst the foreclosures, layoffs and market downswings of the recent past, the people of the Rochester area have remained generous and willing to help when help was needed most. The Rochester Area Foundation is proud to facilitate this generosity by connecting donors with the needs of our community. This linkage occurs at the Foundation on a daily basis, in many different ways.

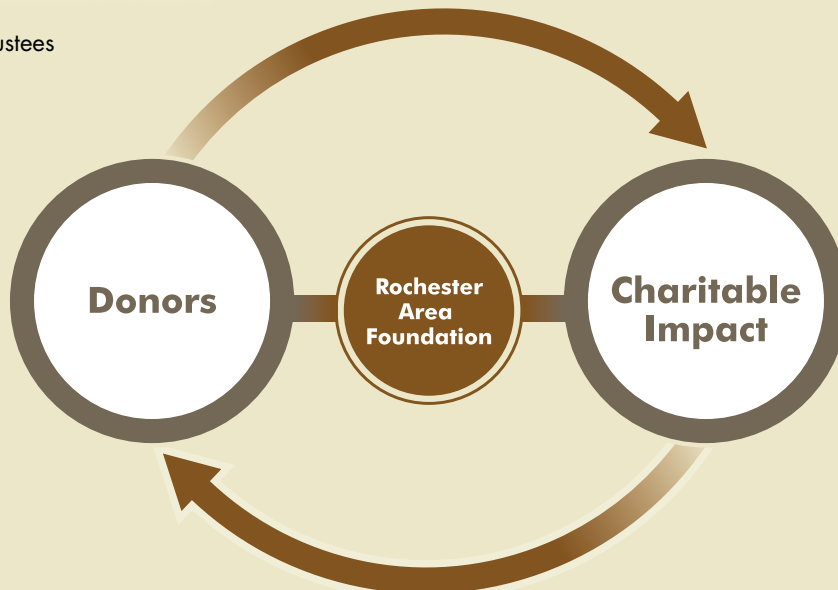
Some donors ask us to create a donor advised fund in their name, so that they can easily manage their charitable giving. Ask Ron & Dianne Yanish who created their donor advised fund by converting their private family foundation and making a gift of real estate. Just six months later, they have used their fund to build a Youth Center in Northwest Rochester at Pax Christi Church.

Other donors entrust us with their charitable gifts so that the Foundation may give back to the community in the areas that will have the greatest impact. Through our First Homes initiative, we are transforming foreclosed properties into homes for working families and revitalizing neighborhoods. Through First Steps, we are empowering parents and caregivers to ensure children are ready for school. And, through our grantmaking, we are investing in downtown master planning and strengthening our nonprofit community.

And, every so often, donors come to the Foundation with an idea that we help turn into a reality. When Bill Volkmar and Shari Brandvold came to the Foundation with a gift of real estate and hopes to preserve an historic home in their neighborhood, little did they know that the end result would not only make history but also benefit the community for the long-term.

The Rochester Area Foundation exists to serve our community and the generous-minded individuals who make the work of the Foundation possible. As our community enters the post-recession era, we can work together to ensure that we never lose our philanthropic spirit so that we may continue moving forward and giving back long into the future.

Leigh J. Johnson
Chair, Board of Trustees



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Ed Hruska

ROCHESTER CITY
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GIVING BACK TO HOMEOWNERS

In 2009, the City of Rochester received \$1.6 million in funding from the Neighborhood Stabilization Program for foreclosure remediation in Rochester's downtown neighborhoods. The City contracted with First Homes, which received \$500,000 for the same purpose from the Federal Home Loan Bank of Des Moines, to do the purchasing, rehabbing, and re-selling of the foreclosed properties. Another local partner, Three Rivers Community Action, is also rehabbing homes for the project. So far, First Homes and Three Rivers have been able to buy 11 homes out of foreclosure in the Slatterly Park, Kutzky Park, East Side Pioneers, and Washington neighborhoods. Rochester City Council Member Ed Hruska said City leaders are all grateful for the positive results.

"Many of the homes that are part of this program were once attractive, useful homes," Hruska said. "Through this program we are improving the property and giving back to the neighborhood and the community with a new refreshed area."

"It only takes one vacated and neglected home to negatively affect an entire neighborhood," he added. "By staying in a pro-active mode we can deal with homes in need and maintain quality neighborhoods throughout the city. Not only is this a positive final result for the neighborhood, but it also creates work opportunities for local contractors and offers affordable housing options for home buyers."

Of the 11 homes purchased and rehabbed through the program, two have already been sold, two have sales pending, and the rest are in the midst of construction or for sale. Hruska credits First Homes for the quick results. "First Homes has the ability, resources and proven record to take on a program of this nature successfully," Hruska said. "One of the grant requirements was to invest the funds into a strategic plan to stabilize affected neighborhoods. Over the years, First Homes has done this type of work and was well positioned to quickly put a plan into action so the city neighborhoods would see immediate benefits."

Hruska said City leaders are pleased that First Homes has been able to take a potentially negative situation and turn it into a positive one for many. He also encouraged Rochester citizens to get involved in giving back: "This is our city and its success depends on the people that live here. Working together, we create a more enjoyable living environment for the people of Rochester."



MOVING INTO THE NEIGHBORHOOD

Kristina Miller, a clerk typist at Rochester Methodist Hospital and single mother of two small children, was the first to purchase one of the homes that was rehabbed through First Homes' foreclosure remediation efforts. A first-time homeowner, Miller said, "It feels good to finally own something of value rather than rent—the thing I like best about my house is that it's my own!"

Miller wanted to thank the First Homes staff for everything they did to help her buy her first home. "First Homes and Shirley Lee were very helpful when it came to looking at homes and working with me in listening to what I needed, wanted, and absolutely couldn't live without when it came to buying a home," Miller said. "They were patient with me, and I felt like they had my best interest in mind."

GIVING BACK TO LOCAL NON-PROFITS

Over the course of the last year, few felt the strain of the lagging economy more than area non-profits, many of which labored to meet increasing community needs in the face of decreasing budgets and resources. Some fared worse than others. In an effort to keep vital area non-profits afloat, the Rochester Area Foundation extended its range of service by providing pro-bono consulting to non-profits in crisis.

Todd Bille, a planning analyst at Mayo Clinic, was part of one of two groups of volunteers to offer free counseling to non-profits. "Having been involved in the management of non-profits for about half of my career, I appreciate the challenges they face," Bille said. "When I was asked to assist...I really didn't think twice.

"After 30 years of working in business," he added, "I've learned that most successful businesses are very similar and those that fail do so in their own unique ways. Whether a company is for-profit or non-profit, the basics still apply—clear vision, practical management principals, and good execution are all crucial."

And, it is with many of these exact issues that non-profits struggle. Susan Ahlquist, community relations administrator for Mayo Clinic and a long-time Rochester Area Foundation (RAF) volunteer, agreed that assuring strong governance and building sustainable financial models in this difficult financial economy—while staying true to their organizational missions—has been tough for non-profits. But, if anyone can help, Ahlquist said, it's the Rochester Area Foundation.

"Because of RAF's reputation in the community," Ahlquist said, "it's able to assemble experts in many areas, enabling the Foundation to act effectively as a convener, bringing people together to discuss and address problems from multiple perspectives.

"RAF is a good steward of donors' funds because it bases funding decisions on the principle that, unless an organization is sustainable and builds capacity in others, no matter how important the issue is, or how committed the people are, it will not be a worthwhile investment," Ahlquist added. "RAF supports sustainable organizational growth, for example, by encouraging non-profits to become certified by the Charities Review Council to assure a rigorous review of governance and financial management."

Although community response to the free consulting has been largely positive, Bille said that sometimes good advice can be hard to take. "As a consultant," Bille said, "I have a basic philosophy when working with clients: 'Do you want me to tell you what you want to hear or what you need to hear?' If it is telling people what they want to hear, I'm not providing much value—new ideas are the catalyst of innovation and sometimes they are disruptive to the norm."

Despite having to dole out some occasional tough love, Bille said he enjoyed his experience and learned about a new and valuable facet of the community. He encouraged others to do the same. "Everyone has time, talent, and treasure," he said. "We just need to determine which we have the most to provide and step up to the plate and participate in our community."



Todd Bille

PLANNING ANALYST
AT MAYO CLINIC

Susan Ahlquist

COMMUNITY RELATIONS
ADMINISTRATOR FOR
MAYO CLINIC

Paul Mackin
THINK CEO



Q&A WITH THINK CEO PAUL MACKIN

The First Steps School Readiness Study became a direct casualty of the struggling economy last year when its grant funding was abruptly discontinued. Think Mutual Bank saved the project by infusing it with a \$125,000 grant spread over three years. Think CEO Paul Mackin explains why the bank came to the rescue.

Let's start by asking what the First Steps School Readiness Study is supposed to accomplish.

The purpose of the School Readiness Study is to establish a credible and sustainable process for measuring a child's progress toward school readiness. The study will help to identify areas of child development needs in our community by following a group of 800-900 children from age 3 to age 5 to see their progress toward school readiness.

Why did the study warrant being saved?

In most cases, it's very difficult to reach your destination without a good roadmap. The First Steps School Readiness Study is a project established to provide a roadmap for the First Steps program in the future. It will identify areas where the children in this community have development needs and assess how to meet those needs. Without this baseline information, the program could focus its energy on the wrong things. The information generated by this study will help to ensure that the First Steps program is a success.

As a businessman, what kind of return do you expect to get on your investment in First Steps?

The future of Rochester depends largely on the achievement of our children's dreams and aspirations. As a businessman, I know that today's children will be tomorrow's workforce, tomorrow's entrepreneurs, and tomorrow's consumers. In order to continue to make the Rochester area one of the best places in the country to live and raise a family, our children must be educated and prepared to take their place as adults in society.

Do you think area businesses could be more involved in helping Rochester's kids start kindergarten ready to succeed?

I think that area businesses should find their "niche" of involvement and then participate generously and passionately. Whether it's helping children be ready for school, supporting a meal program for senior citizens, or donating food to a local food bank, I believe everyone wins when we take this approach.

Think has long taken an active role in the community by providing financial support to area non-profits.

Why is giving back to the community so important to Think?

We believe that community involvement is a vital component of our company's mission and a value that our employees feel strongly about. The people of this community have supported our bank for nearly 50 years now. We want to do all we can to keep it healthy and strong. When members of the community are in need, those who have resources available have an opportunity to help them reach a better place in life.

Economically, the last few years have been very tough for many people. Do you think the financial picture is improving?

How has Think helped the Rochester community to move forward, despite these hard economic times?

It's very hard to predict. While it seems we are beyond the worst of the current recession, caution and uncertainty remain. Our giving philosophy at Think focuses a high percentage of our involvement on organizations that provide basic human needs, such as food, clothing, and shelter. During difficult times, these are the things that people need most in order to move forward each day. That's where we have to start—making sure that the basic needs are provided.

Do you have anything you'd like to add about the Rochester Area Foundation and the work it's doing?

At Think, we're very proud to partner with the Rochester Area Foundation and support the important work it does. We have also supported the Foundation's First Homes initiative that creates homes for working families in the Rochester area. Their philosophy of meeting basic human needs closely parallels our own.

GIVING BACK TO OUR CHILDREN

The very first day of school can be tough for many kids. In fact, nearly 40% of Rochester's kindergartners are unprepared when they start school. This struggle for academic success only worsens for young children who are not native English speakers.

To help level the playing ground and ensure that ALL children start school prepared to succeed, First Steps trained six Spanish- and five Somali-speakers in 2009 to be SEEDS trainers. SEEDS, which stands for Sensitive Parenting, Encouragement, Educate, Develop through Doing, and Positive Self Image, is an expansive early learning curriculum that both parents and childcare providers can use to engage children in regular, real-world literacy activities. The newly trained Somali- and Spanish-speaking trainers are now teaching caregivers and parents in their communities the SEEDS curriculum, providing more parents with the tools they need to prepare their children for school.

Alma Gomez, who does outreach work at the Migrant Health Clinic, and Ifrah Jimale, a manager at Rochester's Bear Creek Apartments, both took part in the 40-hour training program. So far, Gomez has gone on to train eight caregivers and Jimale has trained 15 caregivers in the SEEDS curriculum, and more trainings are scheduled.

"I took the SEEDS training because I am a mother of four children so I understand how important it is to teach the caregivers in our community the importance of having a good education at an early age," said Gomez. "SEEDS also helps the children feel loved, respected, and secure and gives them good self-esteem because they are more able to recognize letters, sounds, shapes, and numbers."

Jimale added, "Through the SEEDS training, I learned that children's first learning experience takes place at a very early stage of life and the interaction between child and parent can make a significant impact on a child's future academic career."

Both Jimale and Gomez said parents and childcare providers who attended their trainings were happy with the course and learned a lot about preschool education.

"Many parents and grandparents said that they have made the activities learned through SEEDS part of their routine and that they're playing more reading games with their children and focusing more on what the children want to learn," said Gomez.

Jimale agreed, "More parents now understand that reading books to young children from newborns to age five, help their children in many ways in life, enabling children to start school ready to learn."



Ifrah Jimale

BEAR CREEK APARTMENTS
MANAGER

Alma Gomez

MIGRANT HEALTH CLINIC
BILINGUAL HEALTH OUTREACH

Randy Chapman
POST-BULLETIN PUBLISHER



GIVING BACK TO DOWNTOWN

"Within a community, many must collaborate to move forward an agenda for success," said *Post-Bulletin* Publisher Randy Chapman. The *Post-Bulletin* is a shareholder of the Rochester Area Foundation's Community Ventures Fund, which awarded a \$30,000 grant for City of Rochester for downtown master planning in 2009.

"The Post-Bulletin Company prospers when the local citizenry are engaged in their community, when they rise up as a sort of 'civic capital' and together find solutions to solve problems that plague this community," Chapman added. "The Community Ventures Fund is a welcome alliance to create a common good."

The grant money that the Community Ventures Fund awarded to the City will be used as a catalyst to further strengthen the downtown through a study designed to help optimize the downtown area for area businesses, citizens, and students. Mayo Clinic, the University of Minnesota Rochester, the Rochester Downtown Alliance, the City of Rochester, and Rochester Area Foundation are partners in the project, which aims to address transportation, parking, and public safety issues.

The purpose of the Community Ventures Fund, Chapman said, is to "develop a group of investors who will invest in a designated fund solely to advance community projects that will improve the quality of life for those who live and work in the Rochester area."

Chapman encourages people to learn more about the fund by visiting the Rochester Area Foundation's website (www.rochesterarea.org) or by stopping by the organization's new offices in downtown Rochester's historic Riverside building. "The story is compelling," Chapman said. "Donors will feel they are supporting a worthy community enterprise with their gifts. I am gratified by the work that is being done on behalf of this community by this group of investors and advisors."

COMMUNITY VENTURES FUND

The Community Ventures Fund was established in December 2005. Investors purchase shares in the Community Ventures Fund, which looks something like a mutual fund, complete with prospectus, share certificates and annual meetings. All proceeds from the purchase of shares in the Fund will be designated as unrestricted assets of the Fund. The endowed Fund will pool contributors' gifts and provide "dividends" for the Rochester area in perpetuity. With input from contributors, income will be distributed by the Rochester Area Foundation to advance community projects. All shareholders are entitled to have their name affixed to grants made in the community from the Fund.

Q&A WITH RON AND DIANNE YANISH

Ron and Dianne Yanish, co-owners of RJY Development, gifted their 130-acre family farm last year to the Rochester Area Foundation (RAF) so that they could use the proceeds from the farm's sale to start a donor advised fund. In this interview, Ron and Dianne explain how and why they did it.

Why did you decide to gift the land to the Foundation?

We learned that RAF could play a positive role in our overall estate planning. Since our family was already planning a generous gift to the Foundation, it made sense to gift appreciated land for tax purposes.

How is the money from the land being used?

The Foundation benefits from a long-term relationship with our family's estate planning and will share in the proceeds over time. The proceeds from the land gift are being used to construct a new 8,500 square foot youth center in northwest Rochester. It's currently under construction and should be completed in May 2010.

How does one go about gifting land? What is the process like?

Gifting land can be a fairly simple process in which the land is appraised by a qualified appraiser and then gifted to the Foundation at the appraised value. The Foundation can then sell the land to make the proceeds more liquid to gift or invest.

What is a donor advised fund and how does it work?

The donor can gift anything from cash to securities, land, etc. The donor receives a tax deduction for the value of the gift. Typically, the Foundation will sell a property gift and create a separate donor advised fund, which is professionally managed, usually in securities. The donors then advise the Foundation to gift funds to charitable organizations of the donors' choice at any time.

Would you recommend that others start a donor advised fund through the Rochester Area Foundation? If so, why?

We would highly recommend that anyone who has philanthropic goals in their estate planning explore a donor advised fund with RAF. It is a very effective tool and can be extended to future generations. RAF has done a commendable job of investing and administering our donor advised funds.

How did you hear about the Rochester Area Foundation?

We were encouraged to look into RAF by our legal and accounting advisors. We have been working with RAF since 1998 when we first formed a unitrust with them. Our working relationship with the staff has been enjoyable.

What personal satisfaction do you get from your philanthropy?

We have been residents of Rochester since 1971. We have been invested in several businesses over the years including Rochester Meats, Perkins restaurants, Ye Olde Butcher Shoppe, and RJY Land Development. This is one way for our family to give back to the community, which has been a part of our lives for so many years. It is a way in which our family can continue the legacy beyond our years. Dianne and I both subscribe to the passage, "Much will be expected of those to whom much has been given."



**Ron and
Dianne Yanish**
CO-OWNERS OF
R/Y DEVELOPMENT



MOVING FORWARD

The Rochester Area Foundation gave new meaning to the term “transferring of funds” last June when it moved a 1935 stucco home destined for demolition in the Kutzky Park neighborhood to a vacant lot just five blocks away.

Bill Volkmar and Sheri Brandvold, who occupy the lot next door to the property, gifted the house to the Rochester Area Foundation because they wanted to preserve the historic Kutzky Park home and find a way to reuse it in a different location. The couple also felt that the home was part of Kutzky Park’s character and should not be removed from the neighborhood. So, they gifted it to the Rochester Area Foundation because they knew the Foundation was the only local organization who could make easy work of such a difficult transaction.

The Foundation moved the house down the street to its new address at 223 8th Ave. NW to a lot that was available thanks to another donor’s generous gift. First Homes fixed it up through its Heritage Homes program, which purchases homes for rehabilitation and then sells them to qualifying families. This home also became part of First Homes’ Community Land Trust (CLT), which preserves the home’s affordability for the life of the home.

Not only was a beautiful old property preserved, but a formerly weedy vacant lot now displays a beautiful new home, which adds density, street frontage, new neighbors, and an increased property value to the neighborhood. And, to make the story even better, the estimated 40 tons of building materials that would have resulted from demolishing the home will not be taking up space in a local landfill, said Adam Ferrari, an architect and program officer with First Homes.

Bill and Sheri feel that the final result of their gift was multifaceted: They saved an historic home from demolition, kept that home within their neighborhood, and got the space they needed to add on to their own home.

The Rochester Area Foundation would like to thank the many people and organizations that have given so generously of both their time and money to assist in our efforts to help those in need and to preserve and improve the quality of life in the Rochester area.

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Ms. Mary Kuehn	Edna Owen	Dr. & Mrs. D.A. Scholz	Mr. & Mrs. Glenn Van Laningham
Lyle & Nancy Kuhlmann	William & Sharon Padgett	Seneca Foods Corporation	Mr. Marc A. Van Note
Lakeside Dentistry	Sue & Shaun Palmer	Larry & Dr. Wendy Shannon	Van De North – Knight Family
Mr. & Mrs. Rick Lamon	Ms. Alnora S. Paulsen	Dr. Patrick & Karen Sheedy	Jack & Mary Vickers
Terry & Shirley Lee	Jay H. Ryu & Patricia A. Pellikka	Jim & Judy Sloan	Mr. & Mrs. Fred L. Wagner
Vanda A. Lennon	Esther Pfeifer	Mr. & Mrs. Howard Sloneker	Mr. & Mrs. Don Wantoch
Andrew J. LeRoy & Margaret M. Kehl	Ms. Ruth Pingree	Hugh & Aynsley Smith	David & Julie Warner
Jon & Sue Losnes	Premier Bank Rochester	Richard Sommers	Mary Warren
Helen Lovgren	Betty Qualey	Mr. & Mrs. Roger Sowieja	Mr. Frank T. Webb
Bob & Mary Lynch	Bruce & Sara Qualey	St. Croix Valley Civil War Roundtable, Inc.	Martha A. Webster
Ed & Marge Manahan	Richard 'Pat' Ranfranz	Mr. & Mrs. Al Steines	John Wees
Bill & Audrey Marvin	RE/MAX of Rochester	David & Sara Stenhaus	Karel M. Weigel
Lillian M. Masson	Mrs. Helen J. Restovich	Jim & Jill Suk	Mr. Stanley E. Whiting
Mayo Medical Center – Mayo Foundation	Janet Rich	Don & Stephanie Supalla	Jodi L. Williamson
Judy & John McGuire	Mr. & Mrs. Tom M. Richards	Dr. Harry & Delores Swedlund	Wisconsin Public Service Foundation
Donald & Alice McIlrath	Dale & Barb Richter	TAJ Technologies, Inc.	Charles & Barbara Withers
James & Esther McNeil	Dr. Stephen J. Riederer & Dr. Marilyn Riederer	Mark & Sheryl Tasler	Leola Wolfgram
Mr. Michael McNeil	Dr. & Mrs. Erik L. Ritman	Bill & Judith Taylor	Howard Wood
McNeilus Companies	Rochester Area Family Y	Harvey TePoel	John Woog & Maryanna Destro
Mr. & Mrs. Ronald A. Meline	Rochester Cheese	Think Mutual Bank	Doug & Lori Wright
Mr. Tyler J. Meyeraan	Rochester Family Eye Clinic	Mr. & Mrs. Dave Thompson	Ron & Judy Yaggy
Glenn & June Miller	Rochester Music Guild	Mrs. Mary L. Thompson	Ron & Dianne Yanish
Paul & Marie Moen	Rochester Public School Foundation	Brad Thornton	Karen & Steven Ytterberg
			Irene Zamjoh

2009 DONORS CONTINUED

Mr. Gordon Ziebart
Warren & Helen
Zimmerman

HONOR GIFTS

Jane Campion
Terri Olson
Dr. Wendy Shannon
Karel Weigel

MEMORY GIFTS

Dr. Oliver Beahrs
Ann Benike
Lee Blenkush

Shirley Bronte
Josephine Buck
Margaret Burchell
Rod Daniels
John T. Davies
Thomas Dickerman
Nora Elizabeth Gay
Alan David Graham
Robert T. Hawkins
Kenneth Huizenga
George Jamsa
Alger Johnson
Robert Jorstad
Mike Klampe

Joe Knapp
Ed Krautkremer
Mary Lou Kriss
Mike Ladin
Edward H. Lambert, MD
Ann Lampman
Sandra Lilleskov
Anne Manahan
Kathleen Carter McBean
Carole Pier
Rev. Richard Reynolds
Bryon Strei
Gordon & Mildred Suk
William Taylor

Tom Towey
Natalie Webb
Carlee White

NEW FUNDS 2009

AGENCY ENDOWMENT

Interfaith Hospitality Network of Greater Rochester Endowment Fund / September 2009

CHARITABLE GIFT ANNUITY

Stanley E. Whiting Charitable Gift Annuity / July 2009
Lyle Kuhlmann Charitable Gift Annuity / October 2009
Nancy Kuhlmann Charitable Gift Annuity / October 2009
Leola Wolfgram Charitable Gift Annuity / December 2009

DONOR ADVISED

Palmer Family Donor Advised Fund / April 2009
John & Lois Bakke Donor Advised Fund / May 2009
Yanish Family Donor Advised Fund / August 2009
Michael & Kathleen Bailey Donor Advised Fund / December 2009
Hartzell Family Donor Advised Fund / December 2009

DONOR DESIGNATED

Steve Bakke Memorial Scholarship Fund / May 2009
James W. & Jean A. Newcomer Donor Advised Fund / September 2009

ROCHESTER AREA FOUNDATION & AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION December 31, 2009 and 2008

ASSETS	2009	2008
Cash and cash equivalents	1,351,371	2,360,519
Interest and dividends receivable	165,476	27,063
Pledges receivable, net	233,875	166,400
Notes receivable	5,422	3,381
Investments	21,932,269	19,321,759
Loans receivable	2,048,307	2,011,616
Land and development costs	4,199,806	2,202,653
Equipment, at cost	51,505	37,408
Other assets	71,318	60,868
Community land trust	7,457,718	7,354,163
Total Assets	37,517,067	33,545,830
LIABILITIES AND NET ASSETS		
LIABILITIES	2009	2008
Accrued expenses	42,476	115,944
Grants payable	133,165	333,650
Notes payable	3,385,909	1,961,108
Deferred revenue	451,874	362,490
Unitrust obligations	696,000	656,000
Refundable advances	509,090	476,817
Total Liabilities	5,218,514	3,906,009
Net Assets	32,298,553	29,639,821
Total Liabilities and Net Assets	37,517,067	33,545,830

AUDIT STATUS

Financial results for the year ended December 31, 2009, have not been audited at this time.

The audited 2009 financial report will be available at the Rochester Area Foundation office upon completion of the audit.

GUIDE FOR GIVING

	CHARITABLE REMAINDER ANNUITY TRUST	CHARITABLE BEQUEST	CHARITABLE LEAD TRUST
DESCRIPTION	Donor and/or other beneficiaries receive payments of a fixed amount determined when the trust is established. No additional gifts to the Trust are allowed	As a part of a will, a charitable bequest specifies a particular asset, or fixed dollar amount, or percentage of estate, be given to a charitable organization upon donor's death	Assets are placed in trust, charity receives payment, property is eventually returned to the donor, donor's descendants or other non-charitable beneficiary
ADVANTAGES	<ul style="list-style-type: none"> • Portion of contribution deductible in current year • Annual income for donor or other non-charitable beneficiary • The charity receives remaining assets at income beneficiary death or trust termination • Fixed income each year • Can be for lifetime or for term of years not to exceed 20 years • Trust is normally tax-exempt 	<ul style="list-style-type: none"> • Simple part of a will • Revocable at any time • Gives donors access to assets until death • Unlimited tax deduction for the estate 	<ul style="list-style-type: none"> • Assets may be passed on to heirs • Generates income for charity during donor's lifetime or over a specified number of years • Can provide gift, estate and generation-skipping tax advantages
DISADVANTAGES	<ul style="list-style-type: none"> • Deduction is subject to AGI* restrictions • Income to income beneficiary is generally taxable • Must have individual or institutional trustees • Cannot accept additional donations • More complex to establish and fees are generally higher than some alternatives 	<ul style="list-style-type: none"> • No immediate tax benefit • Bequest must be paid from estate • Probate adds costs, delays, and complexity 	<ul style="list-style-type: none"> • Tax treatment is complex • More complex to establish and fees are generally higher than some alternatives
GENERAL TAX RULES	<ul style="list-style-type: none"> • Current income tax deduction for actuarially determined value of gift ultimately passing on to charity • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets 	<ul style="list-style-type: none"> • Estate tax deduction for value of donation 	<ul style="list-style-type: none"> • Income tax benefits vary depending on type of trust • Estate or gift tax liability may be reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets
DONOR INCOME	Yes, Fixed	Yes, until death when assets are given to charity	No, original asset reverts back to remainder beneficiary, can be donor

CHARITABLE REMAINDER UNITRUST	CHARITABLE GIFT ANNUITY	DONOR ADVISED FUND	DIRECT DONATION
<p>Donor and/or other beneficiaries receive a fixed percentage of the value of the trust's assets valued annually. The charity receives remainder of trust at income beneficiary's death or trust termination</p>	<p>In exchange for assets, a charity guarantees to pay a specified life income payment to beneficiaries. The charity receives the remainder at death of the beneficiaries. No additional gifts are allowed</p>	<p>Public charity that pools donations with other donors' gifts and invests them; fund makes grants to charitable recipients upon recommendation of donor</p>	<p>Cash or property donated to a public charity or community foundation</p>
<ul style="list-style-type: none"> • A portion of contribution deductible in current year • Income for the donor or other non-charitable beneficiary • Charity receives remaining assets at income beneficiary's death or trust termination • Trust is normally tax-exempt • Can be for lifetime or term of years, not to exceed 20 years 	<ul style="list-style-type: none"> • Fixed amount of income provided each year for life • Part of income is a tax-free return of principal • The charity receives the remaining assets at income beneficiary's death • A portion of contribution deductible in current year 	<ul style="list-style-type: none"> • Contribution usually fully deductible each year • Account can be named • Flexible giving in future years • Can give anonymously • Fees and expenses are low • Consolidated charitable giving • Can establish legacy with successors to account 	<ul style="list-style-type: none"> • Immediate benefit to charity • No associated costs • Current income tax deduction normally allowed
<ul style="list-style-type: none"> • Deduction is subject to AGI restrictions • Income to income beneficiary is generally taxable • More complex to establish and fees are generally higher than some alternatives • Must have individual or institutional trustees • Some CRT's cannot accept future donations 	<ul style="list-style-type: none"> • Charity liability for annuity: if the charity has financial difficulties, the income beneficiary may not receive income • Deduction is subject to AGI restrictions • Transfer of long-term appreciated assets gives rise to tax liability to donor 	<ul style="list-style-type: none"> • Deduction is subject to AGI restrictions • Charity's trustees have final authority over grants • Slightly less flexible than a trust or private foundation • Donor receives no income from assets 	<ul style="list-style-type: none"> • Donor needs to research and choose specific charities before year-end • Deduction is subject to AGI restrictions • Some charities are not equipped to accept securities • Donor receives no income from assets
<ul style="list-style-type: none"> • Current income tax deduction for actuarially determined value of gift ultimately passing on to charity • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets 	<ul style="list-style-type: none"> • Current income tax deduction for actuarially determined value of gift ultimately passing to charity • Estate tax liability reduced • Reduce capital gains tax liability for gifts of long-term appreciated assets • Annuity principal is returned to donor tax-free as portion of each annuity payment over term of the annuity 	<ul style="list-style-type: none"> • Income tax deduction for amount of cash donation up to 50% of AGI • Generally, deduction for full market value of long-term property with no capital gains tax paid, up to 30% of AGI • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated assets 	<ul style="list-style-type: none"> • Income tax deduction for amount of cash donation up to 50% of AGI • Generally, deduction for full market value of long-term property with no capital gains tax paid, up to 30% of AGI Estate tax liability reduced
<p>Yes, Variable</p>	<p>Yes, Fixed</p>	<p>No</p>	<p>No</p>

*AGI = Adjusted Gross Income

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www.firststeps.us

Rochester Area Foundation maintains offices with First Homes and First Steps.
Office hours are 8 a.m. to 5 p.m., Monday through Friday.

Audited financial statements and the IRS Form 990 are available for review at the Rochester Area Foundation office.

The mission of the Rochester Area Foundation is to strengthen community philanthropy by promoting responsible and informed giving and to assist donors in meeting their charitable objectives.

The Foundation is dedicated to using its resources to improve the quality of life, promote greater equality of opportunities, and to develop effective methods to assist those in need in the greater Rochester area.

Dedicated to community vitality since 1944



Rochester
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www.RochesterArea.org



Confirmed in Compliance with National Standards for US Community Foundations