

# GIFTS OF NON-CASH ASSETS

---

## ART WORK AND COLLECTIBLES



Donating cash or publicly traded stock is not the only way to support your favorite charities. It is possible to gift art or collectibles to The Chicago Community Trust for the purpose of funding a donor advised fund and supporting the organizations you care so much about.

As with other illiquid assets, gifts of art and collectibles are considered by the Trust on a case-by-case basis. In considering whether or not to accept gifts of art or collectibles, the Trust will consider:

- Condition and marketability
- Authenticity of the item
- Ability to take clear title
- Storage or maintenance needs

When it is the time to execute the donation, the donor transfers title of the art or collectible to the Trust. It is the policy of the Trust to convert all gifts to cash as soon as is reasonably practicable, and therefore the Trust will likely take the art or collectible to an auction house, gallery or dealer in anticipation of a sale. Once the art/collectible is sold, the proceeds of the sale (less any fees) can be added to a donor advised fund at the Trust. The donor can then use those assets to make grant recommendations.

Generally a gift of art or collectibles, whether made during life or through an estate, is tax deductible. In order to get a deduction for the full market value, certain requirements must be met.

- First, the owner had to have held ownership of the art or collectible for more than one year in order to be considered a capital asset. Art created and held by the artist, or as inventory by a dealer will not qualify as a capital asset.
- Additionally, the donor will need to obtain a “qualified appraisal” to substantiate the value of the art or collectible, by a person who is certified as qualified to appraise such art or collectible. The appraisal must include specific information such as the detailed description of the art or collectible, an expected donation date and identifying information about the appraiser.
- The charity receiving the art or collectible must plan to use the art or collectible for a “related use” to its mission. If the charity will not use the art or collectible for a “related use” (as the Trust would not), then the charitable deduction would likely be limited to the cost basis for the art or collectible.

Understanding the tax laws is just one part of the equation. It is equally important to understand a donor’s charitable goals and then choose solutions that make those goals a reality. The Trust is always happy to get the process started, or to work closely with you and your accountant or estate attorney to leverage art or collectibles for philanthropic impact.

For more information about gifts of art and collectibles, contact Tim Bresnahan, Senior Director of Gift Planning, at [tbresnahan@cct.org](mailto:tbresnahan@cct.org) or 312.565.2832.