



NEWS ON THE

Horizon

ISSUE 15

UNCOMMONLY NKY

WINTER 2024

uncommonly
engaged

The Carnegie provides in-school arts programming to Latonia Elementary School through their Covington Independent Schools Partnership.



LETTER FROM THE PRESIDENT

“
we hope you will continue to
be a part of our journey to
make Northern Kentucky a
giving community

”

Dear friends,

While we still can't believe 2023 has come and gone, we have jumped right into 2024 and are excited about what this year will bring!

We wrapped up the year with our giving circle meetings. Both The 410 and Give Where You Live met in December to award their final grants of 2023.

In November, we hosted a session on charitable trusts, with speakers providing great insight into this giving strategy.

Our nonprofit fund holders continue to do great work in our community, some of which you will read about further on. We are grateful for their partnership and dedication to Northern Kentucky.

We are optimistic that this year will be Horizon's most impactful yet, and we hope you will continue to be a part of our journey to make Northern Kentucky a giving community.

Warmest regards,

Nancy Grayson

Nancy Grayson, President & CEO



I live here and I give here.

GIVING THROUGH A Charitable Remainder Trust

In November, Horizon Community Funds hosted an event focused on charitable trusts and how they provide a tax-efficient way to support the causes you care about. Jim Dressman of DBL Law and Lisa Riccardi of VonLehman CPAs presented on the topic. Jim shares his thoughts below on the benefits of establishing a Charitable Remainder Trust.



*Jim Dressman,
Partner at DBL Law*

A Charitable Remainder Trust (CRT) is an irrevocable tax-exempt trust providing an income stream to non-charitable beneficiaries for life or a determined period of time with the remainder going to charities (“split-interest trust”). The primary benefits of a CRT, besides supporting qualifying charities, are twofold: a) tax avoidance (there is a charitable deduction upon contribution of assets to trust and no taxable gain by an exempt trust on the sale of appreciated assets) and b) there is an increased income stream from liquidated assets since no income taxes are due upon sale.

Typically, a grantor donates appreciated assets to a properly drafted CRT. Appreciated real estate is the most commonly used asset. The transfer to the CRT must occur before all significant contingencies to completion of sale are satisfied. The CRT then completes a sale of the appreciated assets.

A CRT is irrevocable, but a CRT can allow the grantor to change trustees and to change charitable beneficiaries because the remainder is not paid out to a qualifying charity until the death of the last surviving non-charitable beneficiary. Many will designate a donor advised fund as the charitable beneficiary to allow the grantor’s heirs or other designee to select a benefiting charity. The CRT must provide for periodic payments to non-charitable beneficiaries in one of the following manners: 1) an annuity with fixed a percentage of assets valued when the trust is established that cannot be less than 5% or more than 50% but can be for life or a fixed term; or, 2) a unitrust with a fixed percentage of trust assets valued annually that cannot be less than 5% or more than 50%. There are also other options for the distributions to non-charitable beneficiaries such as Net Income Plus Make-Up Unitrust (NIMCRUT), Net Income Only Unitrust, and FLIP Unitrust which functions as a NIMCRUT until a trigger (sale of real estate) or date “flips” to a standard unitrust.

Normally the non-charitable beneficiaries are the Grantor and spouse. Alternatives can be a child or other relative. If the CRT is for a term of years, the donor can establish a “class” of beneficiaries such as grandchildren.

The Grantor can be the Trustee, but it is not advisable if assets are not marketable securities with clear ascertainable values. The Grantor can start with an institutional trustee and change to the Grantor once all valuation issues are resolved.

REAL-LIFE EXAMPLE

The owner of an LLC which owns a rental office building intends to sell the building. The owner is 67 and his wife is 67. He gives the LLC membership interest to a CRT before the sale contract is signed. The office building is sold, and the CRT’s share of the proceeds is \$540,000. The owner had a tax basis of zero. He actually had a negative capital account. The net to the owner without the CRT would have been \$384,480, after paying \$128,000 in federal tax (23.8%) and \$27,000 Kentucky tax (5%). At 6%, the annual earnings would have been \$23,069. With the CRT, there was net sale proceeds of \$540,000 with no tax due. At 6% the annual earnings are \$32,400 and, in addition, the owner received a charitable deduction of \$158,000.



CONSIDERING YOUR PLANNED GIFT

Planned giving allows donors to invest in the future of the community they love, and Horizon Community Funds of Northern Kentucky is uniquely positioned to assist you. Review the information below as you consider establishing your gift and contact us with any questions about how we can help you strategically accomplish your future financial and charitable objectives.

WHO CAN MAKE A PLANNED GIFT?

Anyone with a desire to give can make a planned gift. Generally, donors give assets like IRAs, securities, real estate, insurance benefits, and cash. Many are surprised to learn how easy it is to create a lasting legacy that can preserve the family name, honor loved ones, support a favorite nonprofit, minimize tax burdens and/or support the community they call home. Bequests to Horizon Community Funds are exempt from estate taxes.

WHAT GOOD WORK CAN I DO WITH MY PLANNED GIFT?

You can support the arts, enrich education for our youth, protect the environment, provide food, clothing and shelter, or foster economic development. The options are limitless as long as the purpose is charitable in nature. Often donors find it most satisfying to provide a gift with flexibility. By making an unrestricted or field of interest gift, you ensure that your gift will provide the maximum benefit to the community. It will be used to respond to the prevalent needs of the community generation after generation. Your planned gift can be directed to any of Horizon Community Funds' existing funds or, with a bequest or gift of at least \$25,000 (\$50,000 for scholarship funds), a new named fund can be established.

HOW WILL THE PROCEEDS OF MY FUND BE USED TO BENEFIT THE COMMUNITY?

Horizon Community Funds will invest the principal of your gift and make grants from the earnings annually. If your gift creates unrestricted capacity, Horizon Community Funds will use the annual distribution to make impact grants that align with pressing needs or compelling opportunities. Funds for specific nonprofits will be distributed directly to the agencies each year.

WHEN SHOULD I INCLUDE THE GIFT IN MY ESTATE PLAN?

Anytime you are drafting or changing your will or estate plan, you may want to consider charitable legacy gifts. Your financial or legal advisor can provide professional guidance related to your specific estate, beneficiaries, income goals, taxes, and other considerations.

HOW DO I PLAN AN ESTATE GIFT?

Call your financial advisor, estate planner, or Horizon Community Funds staff. We provide confidential philanthropic services to prospective donors and their professional advisors, without pressure or obligation. Giving a planned gift is simple:

You include a bequest or planned gift to Horizon Community Funds of Northern Kentucky in your will and notify us.

Upon your death, we establish a fund in the name you have chosen or direct your gift to the Horizon Community Funds fund that you have recommended.

HOW DO I NOTIFY HORIZON COMMUNITY FUNDS OF MY PLANNED GIFT?

The process is very simple. Once you have made provisions for naming Horizon Community Funds of Northern Kentucky as a beneficiary, please complete a Statement of Intent that clarifies your commitment and communicates your wishes. Some donors also work with us to prepare a memorandum of understanding. While it is not required, it does allow you to further clarify your intent for your planned gift. As an additional alternative, some donors decide to establish a fund during their lifetime. It allows them to begin seeing the impact of their giving and serves as the repository of their future planned gift.

please contact us to discuss your planned giving:

Nancy Grayson, President | ngrayson@horizonfunds.org | 859.757.1552

The 410



THE 410

Members of The 410 giving circle granted their 2023 funds to Junior Achievement of OKI Partners and The Center for Economic Education at Northern Kentucky University. The group had chosen financial literacy as the focus area for this year's grant cycle.

Junior Achievement has been developing financial literacy programming for more than 100 years and demonstrates long-term impact. The funding from their \$5,000 grant will be used to continue to provide JA financial literacy programming to schools currently adopting this solution and to add financial literacy programming in at least one new elementary school in Northern Kentucky.

"Junior Achievement is grateful for the generous support provided by Horizon Community Funds' giving circle, The 410," said Jeff Taylor, President & CEO of JA. "In today's world, young people need the important life skill of financial literacy. This grant allows us to expand our work in teaching elementary students from K through 5 how they can be in control of their own financial future."

The Center for Economic Education at Northern Kentucky University increases economic and personal finance literacy in the region. The Center focus on educating educators and engaging the community through relevant educational experiences, striving to be a resource to the local community as economic education and financial literacy are vital to the success of our region. The \$11,000 grant they received will be used to sustain and expand the Center for Economic Education financial literacy education programs.

"We appreciate Horizon Community Funds and the 410 for choosing NKU for this crucial grant," said Dr. Hassan HassabElnaby, Dean of the Haile/US Bank College of Business. It will bolster our financial literacy initiatives, benefiting both teachers and young individuals in our community."

The 2023 cohort of The 410 included 40 emerging philanthropists from across Northern Kentucky who are passionate about exploring their potential for giving back with maximum impact in the community. Grant funds from The 410 are dedicated to nonprofit programs and resources that serve Boone, Campbell, and Kenton counties. To generate the grant, each member of The 410 commits a gift of \$410.

Give Where You Live NKY



The fourth quarter meeting of Give Where You live was a special one! In October, Bob and Woody Mueller of Mueller Financial were recipients of the Charitable Leader Award at the Vision 2023 advisor conference. Each year, on behalf of Mueller Financial's Broker/Dealer Parkland Securities, monetary awards are given to two advisors to benefit the charities of their choice. Thanks to this award, we had the opportunity to present two nonprofits with \$6,000 grants at the December meeting.

Members voted to grant the funds to DCCH Center for Children and Families and Family Nurturing Center.

DCCH Center for Children and Families services include residential treatment, foster care, adoption, independent living, targeted case management, therapy and counseling services to meet all mental health needs for children, adolescents, adults, couples, and families in Northern Kentucky. DCCH Center helps rebuild the lives of individuals with traumatic, emotional, and behavioral difficulties. Their onsite personalized approach allows each person to thrive socially, mentally, and physically, and make positive, permanent life changes.

Family Nurturing Center's mission is to end the cycle of child abuse by promoting individual well-being and healthy family relationships. Services include education and training, counseling, therapeutic visitation, parenting time visitation, and holistic and wellness programs. Their programs are based on the foundations of the Nurturing Parenting philosophy and Trauma Informed Care. Family Nurturing Center holds the values of treating individuals with respect and dignity, using evidence-based programs or promising practices, showing measurable improvement and a commitment to continues learning across programs and services.

At their quarterly meetings, Give Where You Live members nominate a nonprofit of their choice, and three names are randomly selected and briefly discussed by the group. The members then vote on their favorite of the three organizations, and each member contributes \$100 for the grant to the winning organization. The format of Give Where You Live NKY also a way to connect funds to nonprofits without the need for nonprofits to expend financial resources and staff time on fundraising.

Thank you to VonLehman CPA & Advisory Firm for their generous sponsorship this year!

FUNDS IN ACTION

The Historic Licking Riverside Civic Association Fund



The Historic Licking Riverside Civics Association (HLRCA) was established in the 1970s as a volunteer membership organization. Since then, the HLRCA has worked to preserve, restore, and beautify the historic neighborhood and to improve the quality of life for residents, property owners, and business owners.

To supplement the funding the organization receives through membership dues and home/garden tours, the HLRCA established a fund with Horizon Community Funds allows community members to support their local neighborhood through charitable donations. This additional revenue stream will help care for the neighborhood and its surrounding community for years to come.

One Covington resident has had a lasting impact on the organization and the neighborhood. Virginia Kerst, a resident of Covington since 1984, was a dedicated volunteer, advocate, and benefactor for the HLRCA. Virginia recently passed away after a battle with cancer, but her friends and neighbors note she will leave a significant legacy through her work to beautify and preserve their Licking Riverside community. "Virginia led our beautification efforts for many years and you can thank her leadership every time you enjoy George Rogers Clark Park, see flower pots on the sidewalk, admire the stone wall and historic street light at 4th and Garrard, and more," said Lisa Sauer, President of HLRCA.



Donations can be made to the Historic Licking Riverside Civic Association Fund at horizonfunds.org/donate. Virginia was instrumental in establishing this fund which will fund more beautification initiatives in the Licking Riverside neighborhood.

Fund partnerships with Horizon Community Funds provide a flexible way for donors to support their preferred nonprofit organization or charitable effort. To learn more, contact Nancy Grayson at ngrayson@horizonfunds.org.

FUNDS IN ACTION

ArtsWave



ArtsWave is a local nonprofit arts agency serving the Greater Cincinnati and Northern Kentucky region. Its roots stem back to the late 1920s and in the late 1940s, it established the first united arts fund in the nation. ArtsWave continues to innovate while leading, as illustrated by its No. 1 rank nationally in community arts fundraising, coordination of a sector-wide

Blueprint for Collective Action, piloting of new technologies to maximize arts engagement and development of resources for the arts.

Each year, ArtsWave raises millions of dollars from tens of thousands of donors — corporations, employees, foundations, residents and others — to support more than 150 arts organizations, projects and artists. 2024's goal is to return to pre-pandemic fundraising levels by surpassing \$12.5 million. Their 2024 Community Campaign is underway — the primary way the region funds its arts, and the largest such community campaign in the nation.

Recently, ArtsWave unveiled an all-new study on the arts' impact in Greater Cincinnati from 2019-2023. Authored by the Cincinnati Regional Chamber's Center for Research and Data, the report found that over that four-year span, Cincinnati's arts and culture sector had a total economic impact of \$1.6 Billion.

ArtsWave holds a nonprofit fund with Horizon Community Funds, a collaboration which aims to deepen support for the arts in Northern Kentucky communities by leveraging the existing relationships and donor base of Horizon Community Funds.

ArtsWave has supported dozens of Northern Kentucky arts organizations over the years. Some of the organizations include: A Mindful Moment (The Well), Behringer-Crawford Museum, Center for Great Neighborhoods of Covington, Commonwealth Artists Student Theatre, Covington Partners, Inc., Kentucky Symphony Orchestra, NKU Scripps Howard Center for Civic Engagement, Northern Kentucky Cooperative for Educational Services, Pones Inc., The Carnegie, and The Catalytic Fund of Northern Kentucky.



TRUSTEE SPOTLIGHT

mary zalla

COUNCIL OF TRUSTEES CHAIR



HOW DO YOU APPLY YOUR EXPERIENCE FROM YOUR CAREER TO YOUR NEW ROLE AS CHAIR OF HORIZON'S COUNCIL OF TRUSTEES?

In my career in branding and design, to best serve our clients we needed to think creatively as well as strategically and execute with precision. I think as a new organization, Horizon Community Funds is not hamstrung by “this is the way we’ve always done it around here” thinking. HCF is in a great position to think in highly creative and innovative ways about how to best serve the community, unencumbered by decades of legacy thinking. From a strategic standpoint, HCF leadership, staff, and our board understand and internalize both our short and long term goals and have sound plans in place to achieve them. Finally, everything we do we must execute with excellence as we build our brand equity bit by bit through each and every interaction.

WHAT ARE SOME THINGS YOU HOPE TO ACCOMPLISH DURING YOUR TIME AS CHAIR?

I want the whole community to see and feel the impact of HCF overall, but perhaps especially I want our Student Success Fund to work hard for our uncommon region. There were, and continue to be, many challenges related to Covid, but one of the most devastating to our collective future was the student learning loss. We must make up this deficit for the good of these students and our community as a whole.

WHAT DO YOU ENJOY MOST ABOUT SERVING ON OUR COUNCIL OF TRUSTEES?

One of the things I enjoy is the seamless interaction between HCF leadership and staff and the board. We lock arms and know we are all working toward the same goals. I also truly enjoy and learn from being around these people as they are some of our community’s most accomplished and dedicated citizens.

IN YOUR OPINION, WHY IS IT IMPORTANT TO HAVE AN ORGANIZATION LIKE HORIZON SERVING NORTHERN KENTUCKY?

Our region has always been in a bit of an odd position. We’re the southern most part of Greater Cincinnati, and the northern most part of our state. I think HCF has a great opportunity and the platform to help define Northern Kentucky in a new and compelling way.

WHAT WOULD YOU SAY ARE SOME OF THE MAJOR BENEFITS TO A PARTNERSHIP WITH HORIZON COMMUNITY FUNDS AS A DONOR OR FUND HOLDER?

One of the major benefits of being a donor or fund holder is not only knowing that your dollars are being put to good use to causes that directly impact our community, but also knowing that you are part of an organization that is actively seeking to “teach” philanthropy, which in essence, extends the reach and impact of your donation and or fund. Being local, we have a unique and unfettered understanding of our community’s most pressing needs and greatest opportunities. This puts every dollar to work efficiently and effectively. Also, we can help you invest in and support the work and causes that you care about most.

WHAT ARE YOUR TOP FIVE THINGS TO DO IN NORTHERN KENTUCKY?

Well, I suppose I have to admit first and foremost, EAT! I can’t believe how many great restaurants we have in Northern Kentucky! In addition to eating out I love to cook. Kremer’s Market in Crescent Springs is my go-to for certain cuts of meat and fresh produce. I also love how quickly one can get from urban to suburban to rural. I’ve lived in Covington for over 25 years but have a family farm in Walton that we go to often. I can be door to door in 30 minutes and it’s like a world away. I also love walking, especially through Covington and Newport. I am drawn to older architecture and the houses and buildings are so distinct and beautiful.

COUNCIL OF TRUSTEES

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c'mon y'all

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Jim Dressman presents on Charitable Remainder Trusts at a Horizon Community Funds event.