

TO: THE EXECUTIVE COMMITTEE  
BACK COUNTRY HORSEMEN OF AMERICA

SEPTEMBER 11, 2017

RE: RECOMMENDATION FROM THE BCHA LEGACY COMMITTEE

ACTION REQUIRED: APPROVE OPENING OF A STOCK BROKERAGE ACCOUNT  
I/N/O BACK COUNTRY HORSEMEN OF AMERICA, A TAX EXEMPT 501(C)(3)

REASON:

1. In the Spring of each year, a Chairman's Letter is sent out to all all prior donors. In the Fall, a Fundraising Letter is sent to all members of BCHA. In both instances, the only option for payment is to use a credit card or pay cash.
2. In order to facilitate another option, BCHA would open a brokerage account and would be able to receive appreciated stocks and bonds from members. There are several advantages to the donor:
  - a. Avoid paying capital gains tax on the sale of appreciated stock and bonds
  - b. Receive a tax deduction for the full, current market value under charitable income

Example: In 2011, the donor purchased 50 shares of XYZ Corporation for \$10.00 per share or \$5,000.- (excluding broker fees). The stock of XYZ is now worth \$25.00- per share — or \$12,500.00 — representing a long-term capital gain of \$7,500.- (\$12,500. current value less \$5000. cost basis). The donor is able to take a full \$12,500.- tax deduction under charitable income.

ADVANTAGES:

1. We have some members that are required to do a higher level of tax planning. By having a brokerage account, we can offer them a viable, and well known, option for tax planning.
2. It is possible that we might receive more significant donations as this alternative is more aligned to the overall tax planning objectives of some members.
3. The transfer of stocks and bonds from one brokerage account to another (BCHA) is a simple, well-known process. The brokerage account would be a separate line item on the BCHA balance sheet — asset side. Schwab offers low cost services. EC would have to check this action does not contravene any BCHA By-Laws or Governance Rules.
4. In the beginning, once the stocks and bonds are received into our brokerage account, we sell and keep cash. These cash funds will be available for the same operating needs as the credit card or cash payments currently being made to BCHA — under the fund raising via the Chairman's Letter and the Fall Fundraising Letter. At this time, there is no need to establish an Investment Committee, unless EC wants option to keep securities received.
5. The 2017 tax planning season is starting and this option needs to be in the Fall Letter.

Stephen McClintock  
Manager for Planned Giving

Sherry Copeland  
Treasurer, BCHA

