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Q & A from “Trends and Five Creative Case Studies from 2020” Webinar, January 2021

QUESTION	ANSWER
Are you seeing many charities set up to accept cyrpto currency?	Virtually zero. We have done about 75 appraisals for crypto over the last 13 months so we "see" the charities in this space. Probably 5 charities are doing 90% of the transactions. The main challenge is opening an institutional wallet and all the information required (Sometimes all SSN for every Board member - have fun with that request) and the time it takes to set it up. So you need to be doing a fair number (probably 3-5 donations a year) to make the juice worth the squeeze (in my view).
What is an ESOP?	Employee Stock Ownership Plan – a way of allowing employees to take an ownership interest in the company. Typically, the founders of the business grant shares to the plan, which is a trust administered for the employees. The goal of the owners is often to eventually sell the entire business to the ESOP trust.
Would you please offer more webinars on gift annuity reinsurance? If you could position for the CFO and development leader audience, that would be ideal.	Will do.
Webinar on Closely Held stock would be helpful as well. More donors are asking about this.	We do a ton in this space and can absolutely conduct a webinar on the topic.
It sounded like your crypto gifts take 30 days to liquidate. Is that normal, or is it due to the large donation amount?	We try to liquidate same day, if possible. We do wait 30 days before making a grant - but that is true of all asset types we receive.

<p>What is the average size cryptocurrency gift you receive? Do you have a crypto minimum? And how does this compare to vendors like Bitpay?</p>	<p>Probably \$500K would be the average. Much less than \$150K or so gets a little bumpy. Bitpay works quite well usually for smaller donations (less than \$100-200K or so) and only works with Bitcoin (BTC).</p>
<p>Am I correct in understanding that the PayPal offer allows you to buy BTC, but one's position in BTC can only be used to buy products or services in BTC; it can't be used as an investment platform to be cashed out another day. Is that right?</p>	<p>I think it can be a platform - buy, sell and hold.</p>
<p>Is the market maker kind of like a broker?</p>	<p>Yes, exactly!</p>
<p>I assume the market maker takes a fee for his/her trouble?</p>	<p>Yes, baked into the quoted price (at least for the transaction I discussed)</p>
<p>How are these giant gift annuities being funded?</p>	<p>Mostly through stock, or testamentary with cash. We also have had some funded with S-corp and real estate (and possible one with Bitcoin if this prospect chooses to move forward).</p>
<p>Was reinsurance on par with retained risk?</p>	<p>Not sure I am tracking exactly - they took \$7.5 million and bought three different life only annuities on the annuitant. That covered 80% of the required payout so then they had the other \$7.5 million invested all in equity to cover the other 20% of the payout need. If you are asking the amount required typically for a new CGA, it is usually about 65-75% of the donation with the rest freed up immediately for current use or invested in the endowment (or all equity).</p>
<p>Can you give us YOUR take on the GameStop item happening as we speak?</p>	<p>I don't think there's much from a planned giving perspective, as fascinating as it is. Most of the shareholders have short-term gain positions, which doesn't have many tax advantages. I have seen that a lot of the retail investors making big returns are putting significant amounts to local charities, so there is clearly some desire to give back to their communities.</p>