GIANT, IMPORTANT DISCLAIMER: WE AREN'T GIVING LEGAL, TAX OR FINANCIAL ADVICE. PLEASE SEEK YOUR OWN COUNSEL FOR ANY DONATIONS. MANY OF THESE QUESTIONS ARE OPEN TO SOME INTERPRETATION, ARE GENERAL IN NATURE OR ARE UNIQUE TO A PARTICULAR JURISDICTION. ASSUME ALL ANSWERS ARE WRONG UNTIL YOU/YOUR DONOR CONFIRMS WITH HER/HIS ADVISOR.

Q & A from "It's a Brave New World: Charitable Gifts of SPACs, PIPEs and NFTs" Webinar, April 2021

QUESTION	ANSWER
From what we have seen to date, is the public value of SPACs wholly tied to the value of the underlying assets held within it, or is there a percentage of the value of some, if not all, SPACs that is discrete from the sum of its underlying holdings?	As you saw from Grab, there can be a pretty big delta between underlying intrinsic/appraised value and the public value and until the target is identified, value will largely be speculative based on shareholder confidence in the sponsor.
We are working with a donor who is a founder of a company going through a SPAC. The target has been identified and the target org is going through the approval. Assuming the founder has the ability to, can the donor gift some of their equity/shares to us at this point? I know we have a lot to consider however this is very new to me.	As Russ said, the quick answer is yes. There can be some issues, likely in this case, around transferability of 144 restricted stock but still is usually doable. We have done a few of these at Dechomai Foundation as an example.
What does a public investor own once the target company is identified and goes public? Do you still own shares of the SPAC or shares of the target company?	Hopefully, you received the answer that the general course is that you would own the underlying investment(s).
What will the public investor's holding period be in the new company shares once the target is taken public?	Assuming the public offering of the target is done as a "reverse merger," which is not a taxable event under Code section 368, the holding period will tack, i.e., the holder of stock in the SPAC now holds stock in the newly public target, but her holding period reaches back to when she acquired stock in the SPAC.

I can't see the value of NFTs as they don't confer any rights on the owner. If I buy a painting, I can choose to display it or not. Only I have the original and have rights to it.	This is probably the main objection to NFTs. Supporters would say that the value is really in the uniqueness – compared to an autographed baseball card, for example. There may be many copies of the card, but the autograph is (semi-)unique and makes that particular card much more valuable. The NFT's unique identifier is proof of the source in a similar way.
Does the creator automatically benefit from subsequent sales and how does that come into play if donated?	Great question. The creator can program in royalties for subsequent sales. For a donation from the creator, that would presumably reduce the (already limited) deduction. For a donation from an NFT investor, it probably would not make a difference. And it wouldn't matter to the charity either if and when it sold the NFT – the royalties would be paid directly and automatically once the NFT sold.
Would selling a donated NFT be UBIT?	Probably not, unless it somehow became a very large portion of charitable income/activity. Think about it like doing a ton of charitable auctions - if that is 50% of the charitable income/activity, perhaps that gives rise to UBIT. But at smaller levels, should not be an issue.
I'm sorry I missed this - is it when you purchased the SPAC shares?	If the question is holding period on disposition of stock in the target after it goes public, the answer appears to be that the holding period does tack, so your gain in the target stock would be long term if your investment in the SPAC was more than a year prior.
But couldn't he elect to take a deduction equal to 100% of AGI because it is cash? So given the complications, donating the cash proceeds might have been better for him.	If Dorsey had cash from the sale, he could have taken a deduction equal to 100% of his AGI under the CARES Act. However, he stated that he received payment in Ethereum, which he then converted to Bitcoin and donated. That's likely a less optimal outcome – the Bitcoin donation is limited to 30% of AGI. Although his income may be so high that it doesn't matter.
Isn't this about authenticity particularly with the way that material can be manipulated so easily with technology today? It's a way to verify, perhaps?	Exactly right! The NFT's unique identifier can be directly tied to its creator. It leverages the security and transparency built into blockchain technology to effectively guarantee authenticity.

Do you manage oil and gas assets which mostly come in through bequests? I'm also looking for sample gift acceptance policies around oil and gas assets?	Kind of - many of these are .000000000062% interests that pay $1.23 per year. We don't deal with these. If there is maybe $20K+ annually coming in, that is more what we deal with to make the juice worth the squeeze. Generally, these kinds of assets are valued around 5-8 times the last 3 years distributions as a rule of thumb. But we have a book called Charitable Gifts of Noncash Assets with an entire chapter on this asset - it is free and can be downloaded on our website. I will mention on our last slide too. The book is 440 pages of noncash, gluten-free goodness so just a fun read anyway - and can be purchased on Amazon if you want a hard copy as a great Mother's Day gift idea! :-)
How is a SPAC different from venture capitalists and private equity investors? Is it merely a distinction of one that searches for privately held companies and a private company that looks for capital to go public?	Basically, the answer to your second question is, yes, which answers your first question. But the SPAC is typically already public so it is akin to a reverse merger. In effect, the SPAC is a mechanism for the private investors to raise additional capital from the public.
Why did they go out of favor before? And why are they back in favor now?	Bryan and/or Ryan may have other insights. I am not a student of the stock market, but my impression is that the "blank check" market of the 80s was less well regulated and included a lot of more speculative players. Sort of like the "junk bond" market. Perfectly good market for corporate bonds, but some less careful players in the mix.
Makes sense. How do you set your fee on processing a gift that might come our way at a community foundation? Is it based on a case by case basis depending on the complexity of the asset and the potential risks associated with that asset?	We have a fee schedule of 3% for first $1 million, 2% for next $4 million and 1% for all excess over $5 million as a Year 1 fee (no matter when it sells in the first year). For Years 2 and beyond, it is 1% annually, pro-rated monthly. For last year, the average donation was $4 million and the average fee was 1.4% so 98.6% was granted out. And we work with a few hundred CFs with multiple services for what that is worth. We also have a 20% discount from that schedule for preferred partners and can also adjust up or down based on size, tax/legal risk, complexity, speed, etc.

Is that true that the SPAC shares may be sold immediately at public market? I understand the SPAC is a shell company (so any broker dealer may disallow sale until confirming the SPAC is current with SEC filings) and likely there's a lock up agreement for 1 year. Any insights on this?	Once the SPAC itself has gone public, its stock is publicly traded, and there should typically be no difficulty selling. Lockup would typically apply to the private equity investors who either got in before the stock went public and/or picked up additional shares in a PIPE.
Thanks. And final questions because I am new to your company. Do you get paid on the asset value only if and when the asset gets paid? And what is the lowest value placed on an asset that you will consider?	Painfully, yes. We do not charge for the 8 referrals we receive that we vet (sometimes involving a ton of time) that don't move forward, but only on those that do and only capturing the fee on settlement. We just sold a real estate parcel we had owned for 13 years - fun, fun, fun. We don't tend to do much (other than crypto) less than $200K or so. We usually live in the $500K-10 million/transaction range with a few over $100 million each year. Hope that helps.
Right, but the charity likely receives these pre-public. So subject to restrictions as the shares are not marketable at the time of gift. Thanks for your insights!	Hard to say in these early days what is typical. But yes, it is true that if your donor was part of the pre-issue private funding and/or came in with a PIPE, you will encounter the usual restrictions.
What if Dorsey directly gifted the "1st Tweet" NFT? How does valuation work?	Wait for it... :-)
With respect to an NFT, and using the example of video clips of a sporting event, does this mean that the "regular public" will no longer be able to find, say, the clip of Michael Jordan's last dunk? In other words, will things that are publicly available on the internet generally (or YouTube) might no longer be available absent CBS Sports (for example) making it available?	Early days yet, but as Ryan says there does not seem to be a direct connection between whatever the NFT really "is" and the underlying intellectual property rights in the clip.
Regarding a gift of NFT-based "art": Do you need to show related use by the donee charity to get a FMV deduction and if so, how? Thanks! This is a fantastic session btw, very grateful for the info.	Unless you are a museum or gallery of electronic art, I am not sure what related use would look like. Typically, the value in an NFT is in its potential resale price.

Indeed. I have now tuned into a few of your webinars this past year and each is more informative than the next. Thank you for the clarification that you present this information.	So glad they are helpful. I have done a lot of presentations with CYJL over the years with Arlene Schiff and others so have heard about your efforts on that front.
Is an NFT a capital gain asset?	If you bought it rather than created it, the answer would probably be yes in the typical case.
Is there a sense for when IRS will issue guidance?	Have heard nothing yet. it took them awhile to issue guidance on cryptocurrency, which they are still retooling several years later.
I've heard about NFTs being used to help smaller investors buy a portion of a Michael Jordan Rookie Card (1986 Fleer - nearly $1 million).	Great example. Next question is the NFT itself a collectible? On the face of it, probably not, since the Code definition of "collectible" relates to tangible property. But if the NFT represents fractional ownership in a tangible property, maybe yes?
What are the implications of the crazy amount of electricity needed to create an NFT?	You could extend this to all cryptocurrency, really. NFTs are only a small segment of the Ethereum blockchain. We're already seeing large mining operations being set up in China, where electricity is cheaper. Proposed "green" solutions include increasing the use of clean energy to power blockchain transactions and a change to the less energy-intensive proof-of-stake system. Plans are already in place to implement these.