



**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 “Extreme Noncash Concentration in 2021 (New Research Report Released 7/23): The More Things Change, The More They Stay The Same!”  
<July, 2023>**

<b>Do the non-profits analyzed include national donor advised funds? If so, do you have data just for traditional non-profits (universities, hospitals, arts, etc.)?</b>	The analysis does include national donor advised funds and community foundations of all sizes. We’re not currently presenting the data for only traditional non-profits but might do so in a future edition.
<b>What do you see are the biggest obstacles to these organizations capitalizing off the non-cash gifts? In my experience with a recent real estate deal - legal, compliance and the due diligence required (bandwidth and costs) seem to be the obstacles outside of the Foundation. It's a pain point...</b>	Generally, with emphasis and not giving tax advice, the LLC can work quite well. If there is no UBIT, the LLC can be assigned to the CRUT and then it simply is the sole or partial owner, so all flow through K1, etc., will go to the CRUT.
<b>Can you describe the types of charities that are among the top for non-cash gifts? Are they all DAFs?</b>	Mostly donor advised funds, with some community foundations, supporting orgs, and colleges appearing due to large outlier noncash gifts.
<b>Who is the gold wedge on this 2020/2021 slide?</b>	Johnny Morris Ozarks Heritage Preserve (too long of a name to fit in the space).



<p><b>The presentation implies to some degree that these national DAFs aren't distributing their gifts to traditional non-profits. It would be interesting to see an overlay chart that shows the increase of distributions from these Top 10 national DAFs to traditional charities over this same time period.</b></p>	<p>Super interesting idea. Of course, once the assets go to a DAF, there will someday be a corresponding grant to another charity. Grants from DAFs increased sharply during the 2020 pandemic, so mapping that data would be illuminating, as you suggest.</p>
<p><b>What's your feeling for charities not accepting non-cash versus donors and/or their professional advisors preferring to gift to Fidelity Charitable due to their experience/process?</b></p>	<p>It all depends on who the donor speaks with first. The professional advisors will often default to a DAF in this situation.</p>
<p><b>It seems that these are "funds" without specific nonprofit missions but more broadly able to support multiple and probably varied missions. It does not seem that my medium sized nonprofit can truly compete with that - we are asking for a very specific mission gift and these donors likely want more diversity in the missions they support. Fidelity obviously offers that type of diversity through a DAF.</b></p>	<p>Yes, but you might be surprised by how many of these gifts are made with a single charitable grant recipient in mind. The DAFs may have more experience accepting, and so that might make them a better candidate for accepting the noncash gift. But the goal is to get the money to a specific, more traditional charity (church, college, hospital, etc.).</p>
<p><b>Are all the gifts on the pie charts outright gifts and not split interest?</b></p>	<p>Yes.</p>
<p><b>I head a community foundation from a relatively small community (New Orleans) that has limited significant wealth. We have an advisory committee that consists of attorneys and CPAs. How do we educate the professionals to</b></p>	<p>Perhaps suggest that their clients have highly-appreciated assets which might be good candidates for charitable giving, and that these can include more illiquid assets. Rental properties and vacation homes can be good candidates and can be meaningful gifts that are not necessarily sourced from the ultra-high net</p>

<p><b>offer estate planning with their high net worth clientele to bring these big noncash assets to us? That seems to be the barrier for us.</b></p>	<p>worth donor base.</p>
<p><b>Is there a marketing strategy that these charities have in common? Donor testimonials?</b></p>	<p>Basically, they market almost extensively through professional advisors (with RIA firms/financial advisors as the primary avenue). Then use success case studies to highlight unique gifts/solutions.</p>
<p><b>If illiquid gifts are made to Dechomai Trust, liquidated, and then granted to us, where does this appear on Schedule M?</b></p>	<p>It would appear on Dechomai's Schedule M rather than the grant recipient's. The grant recipient would show the cash contribution only.</p>
<p><b>What about publicly traded assets such as stocks or bonds? Your figures seem to be focusing on illiquid assets such as business interests or gifts of real estate.</b></p>	<p>Yes, we focused on private business interests and real estate. However, we do have the data on public stock donations, and the large national DAFs and community foundations are the top receiving charities there as well.</p>
<p><b>It certainly can't hurt for a for-profit investment firm to be able to offer a nonprofit option in-house, example: Fidelity. They have a whole lot more inside information about a person's assets than does a small or independent nonprofit.</b></p>	<p>That's certainly an advantage that investment firms have with their clients...the same is true for attorneys and CPAs.</p>
<p><b>What percentage (roughly) of the NCAs handled by Charitable Solutions involve professional advisors (in addition to donor)?</b></p>	<p>85% probably. That includes the CPAs and attorneys who might be really needed to represent the donor's interests in terms of tax and legal planning. Even donors who do not use a CPA on the front end will almost inevitably loop their CPA income tax time.</p>
<p><b>I want to learn more about how to accept NCA gifts - especially business interests. Where can I learn more about how to accept these gifts, including how to set up internal processes to ensure we handle these gifts properly?</b></p>	<p>We wrote a book on this exact subject! It's available as a free download at <a href="https://charitableolutionsllc.com/new-book-charitable-gifts-of-noncash-assets/">https://charitableolutionsllc.com/new-book-charitable-gifts-of-noncash-assets/</a></p>

<p><b>A less depressing interpretation might be that this simply reflects an increasing outsourcing of non-cash gift acceptances thru DAFs as intermediaries between the donor and the charities that actually get the cash in the end. They aren't showing up on the benefited charities' 990s when they outsource to the middle man, so to speak.</b></p>	<p>This is an excellent point by Dr. Russell James. It is important to remember that more traditional charities will benefit at the end of the day. Once the donation goes to a DAF, it is destined for charitable purposes.</p>
<p><b>Who does Charitable Solutions hear from when these gifts are being discussed?</b></p>	<p>Other DAFs, community foundations, or other charities, along with financial advisors, attorneys, CPAs, and sometimes donors directly.</p>
<p><b>Do you know how / why Fidelity is able to secure so many BI gifts? Is it marketing? Word of mouth? Repeat donors? Thanks - and hi, Brad!</b></p>	<p>Strong marketing through professional advisors and donors</p>
<p><b>Is that The Columbus Foundation based in NYC?</b></p>	<p>Ohio</p>
<p><b>What happened to the California Community Foundation in 2021?</b></p>	<p>No idea but with us and CFs, one or two groups of donors can have HUGE swings from year to year.</p>
<p><b>If the professional advisors are directing these gifts to the charitable organizations, what can those other charitable organizations do to get on the radar screen? Targeted marketing? Research donors who may have these interests?</b></p>	<p>Yes, and perhaps outreach to local professional advisors, particularly any committees, roundtables, or planning groups. That should include not just financial advisors, but attorneys (especially tax and estate planning) and CPAs.</p>
<p><b>How do you suggest one markets these type of business interests if the organization is new in that space?</b></p>	<p>Be sure to include it on the list of assets that you MAY be able to receive. If you know the donor has these types of interests, include it as part of the discussion or proposal. Then highlight successes through donor case studies/testimonials.</p>

<p><b>New to this... What is included in business interests? What types of gifts or deals? Give some examples. What is included in real estate? What types of gifts/deals happen? Share some specific examples? Where can I find listings of examples?</b></p>	<p>Private business interests usually mean stock in C-corporations, LLC membership, or partnership interests. Any of these can be contributed to charity, although the legal and tax implications differ. These sorts of business are often family businesses, startups, or investment funds (think private equity, hedge funds, and venture capital).</p> <p>Real estate can be any type – single family homes, condos, multi-family housing, commercial real estate, farmland, or simply land for building.</p> <p>We have many webinars in our series on the different types of illiquid asset donation (with examples), viewable at <a href="https://charitablesolutionsllc.com/webinars/">https://charitablesolutionsllc.com/webinars/</a>.</p>
<p><b>How can charities better steward their relationships with professional advisors who are making the referral of illiquid assets?</b></p>	<p>Communication is key. Let the advisors know that your charity is open to receiving illiquid asset donations and not just cash/marketable securities.</p>
<p><b>Many thanks, great webinar! I missed the first 15 min, are you making the recording available?</b></p>	<p>Recording is available at <a href="https://charitablesolutionsllc.com/webinars/">https://charitablesolutionsllc.com/webinars/</a></p>
<p><b>Would you please define Business Interests in general terms ... thanks.</b></p>	<p>Any non-public business stock - can be stock in a corporation, partnership, or LLC. Think family business, tech startup, private equity fund, venture capital - anything that isn't publicly traded!</p>
<p><b>So, there could be a Venn diagram possibility of these business interests owning RE as the underlying asset ...</b></p>	<p>Yes, that can happen</p>