DECHOMAI

GIFT ACCEPTANCE MADE EASY

**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 "From Financier to Philanthropist: Unlocking Charitable Gifts from Private Equity, Venture Capital, and Hedge Funds" <Jan, 2026>

| | |
|---|---|
| **When a closed-end fund is nearing maturity, the fund is very tax inefficient so the owner (limited partner) may be motivated to gift their interest prior to the redemption.** | Yes, and charities considering accepting such an interest should make sure they are not taking an asset with low value relative to the staff time needed to evaluate, accept, hold, and redeem. |
| **If someone donates Private Equity that has 6 years left in its life span, does an organization add the PE to their portfolio, or do we just anticipate a payout, and the donor keeps ownership of the PE?** | That would be more of an Investment Committee decision, but my experience is 99.9% of the time, it is not added to the portfolio. The donor would not maintain ownership, though. Usually, the donor makes the PE donation to a DAF, which just holds until liquidation, or an endowment type fund if the charity is willing/able to receive. But it is not added to the broader endowment portfolio. |
| **What determines whether a real estate gift works well or not?** | Well: at least $250-500K, no debt, no management/environmental/tenant issues and very marketable.<br><br>Not Well: the opposite of all these things. |
| **I meant to refer to a share of a REIT as opposed to a single piece of real estate.** | Really, same - public REITS vs. private vs. OP units with REIT conversion - debt is a huge issue here. Understanding tax treatment (is it a partnership?) and liquidity options (redemption, sale of public stock, other?) is important. |

| | |
|---|---|
| **Are there any nuances for a PE gift from a person at a public private equity company like KKR?** | Not really, it would still fall under either public stock or private stock/equity rules. In this specific case, KKR is simply a publicly traded stock (that just so happens to be in the private equity business). |
| **Missed the opening. Will this video be available afterwards?** | Yes, we have about 60 of these past videos available here https://www.youtube.com/@CharitableSolutionsLLC |
| **Are publicly traded REITs the way to go?** | Yes, because most are C-corps with blockers so the debt generally doesn't flow through. But publicly traded MLP (Master Limited Partnerships) don't usually work as well since the debt still flows through (bargain sale/UBIT). |
| **For how long of a timeframe is Dechomai will hold a gift of a partnership interest in PE?** | We can hold it indefinitely (within some reason). We have held some for over 15 years. But some are PE funds with 10-15 inside private companies... usually 1-2 are big winners, 3-6 break even and then the rest are zombie companies that can go on forever. We like to use put options to sell back the stub/tail holdings because we already manage 175-200 K1s and these are just as painful for very small holdings as you know. |
| **I'd also suggest asking about reporting at the state level. How many states, etc.** | Exactly. The direct donor investment that I alluded to at the start of the call will require us to file state-sourced tax returns in all 50 states. Fun, fun, fun... |
| **And, blocker corp structure does not necessarily work for charities?** | Yes, it is not necessarily a silver bullet since the blocker corp is paying tax itself. |
| **Can you please talk a little more about block corps? When are they appropriate, how common, how easy to implement, other considerations?** | An easy due diligence question is to ask if the investment has any qualified retirement plans (like pension plans) or any other charities as owners. If they say yes, then it has a blocker almost always because of the UBIT issues. If the investment doesn't already have a blocker, it is not something they will likely add at the entity level. It is super rare at the individual investor level - generally \$15-25K to create and then maybe \$10-15K a year ongoing. We have had maybe 10 donors in the past who have asked us to do it, zero have. One last year was a large crypto holding that was earning interest through staking - which is UBIT. But |

| | |
|---|---|
| | even then, the donor didn't want to do it. |
| **If the charity generates operating losses does that help to offset the UBTI?** | Generally, but there are silo tests. |
| **We have both a trust and corp structure, so it all depends. We often accept UBTI heavy assets in the trust structure, though, because of the better tax benefits.** | That distinction is worth remembering for fund gifts. Nearly all of Dechomai's fund gifts are held in a trust structure, primarily for this reason. |
| **Gifts of profits interests - do you find these gifts not working sometimes if it's the kind where donor does not receive the profits interest until liquidity happens? Does that just come down to how the operating agreement is written?** | These tend to work quite well but they need to be pretty large. And yes, a profit/carry type interest will be outlined within the operating agreement and then there is hopefully some rough visibility of how long to wait until liquidity. We do a fair number of these each year, but they tend to be larger (at least $500K or so). |
| **The issue for appraisal and valuation is how willing the manager is to disclose information and is willing to play. If the donor has some leverage, it's super helpful for all.** | This is true. I can't think of any situations where this created a mortal snag to the appraisal, but there are situations where it is not a 10 minute "Sure I will send everything you need without a problem" either. |
| **Is Dechomai willing to take something other than just cash when there's an exit for any of these asset classes?** | Yes. That happens occasionally – usually public stock. Since noncash giving is already what we do, this is sort of just a swap from one illiquid position to another. |
| **What are some of the basics of developing values for these sorts of assets in meeting the qualified appraisal requirement? To what extent -- if at all -- can Charitable Solutions serve as the appraiser?** | We do these appraisals but NOT for any Dechomai donations of course. We have two appraisers that do all business appraisals. So, for these donations to other charities/CFs/CRTs, etc., we can be qualified appraisers as needed. |
| **What is the level of awareness among this donor persona (fund managers, senior/junior partners, etc.) of this avenue for charitable giving? In your experience, how much education has recipient charities had to do to bring to** | Higher than you might expect. They are sophisticated donors, with strong advisory teams – and everyone they know professionally and socially is just like them. So creative charitable planning is often something they have at least heard of. Even if the recipient charity is raising this as an option, these donors typically understand the |

| | |
|---|---|
| **their attention that this is an option in the first place?** | strategy (at least generally) pretty quickly. |
| **What does Dechomai do when you are sent a Form 8283 for countersignature which is completed incorrectly by the donor or their CPA/advisor? Or when you know a client refuses to get a qualified appraisal when you know they should support their income tax return?** | We would point out any issues that we see for their consideration, but it is up to them. If it is regarding the date of receipt, that is something that we would require modification if our records are different. If they refuse to get an appraisal, that is on the donor - we still complete and file an 8282 if required. It also can create some issues for us relative to how the asset is booked for FASB/audit purposes without a qualified appraisal. |
| **Is Charitable Solutions different than Dechomai? Do you do all real estate details from start to finish?** | Charitable Solutions, LLC is a consulting firm that is the administrator to Dechomai, NGAF and a number of supporting organizations. Then we also consult a few hundred other charities for our other services. Yes, we do all real estate from start to finish and have a large team that just does real estate donations. |
| **Following up on Terry's inquiry, what's the level of awareness at the entities? It's great to learn that at least for hedge funds, charitable gifts of interests in such funds is a recognized "thing," but what about the other entities? Is the donor perhaps educating not only the charity, but also fellow interest holders (especially the shot-calling holders)?** | Anecdotally, we see a LOT more exposure to these gifts at the larger PE, VC firms. We did 25 or so of these in the last week of the year and most all the GPs said something like "We have had other investors do this before, so we know the routine." In fact, one had used us maybe 4-5 years ago, so we still had the GC's contact. There is much better awareness than pre-2020 in my view.<br><br>I will say, not countering Ryan's point, but many universities are extremely knowledgeable in this space, but frankly, that is more on the investment side of the house. We don't see this same group "helping" the gift planning side as much as you would think (it is a ton more siloed, generally, than people think). Same for real estate - "We have a huge and sophisticated real estate group, but it is more for our physical campus, not donations. So, any help they give us is usually outside their normal job description... kind of, other duties as assigned. And they also tend to be very slow." |
| **What's the charitable incentive for a donor to make a gift of carried interest?** | Monster benefit in that because it is still (perhaps shockingly) deemed a capital gain asset, they can make the |

| | |
|---|---|
| **The only way I've seen it used is to transfer to a GRAT for children, which minimizes the gift tax triggered b/c the value at the transfer is much lower than the eventual value. Apologies if Ryan is going to cover this in a future slide!** | carry/profit interest donation at full fair market value deduction (based on the appraisal), and then no capital gains taxes on sale of course. The Holy Grail of charitable planning is lowest cost basis/highest appreciation as a long-term capital gain asset... that exactly fits a carry interest. |
| **Are there characteristics of recipient charities that indicate that this method of giving would be especially worthwhile to explore? For instance, based on the org's mission, org size, demographic profile of donor base, etc.? Charities often have limited staffing bandwidth to begin with, so layering on this highly sophisticated form of giving seems like a lot to ask a fundraising team to be competent in if there was not sufficient initial potential.** | More major donors/board members, etc. Not a direct plug but if you can shake the bushes with these types of complex gifts or others, we can handle anything that falls out. Other charities can too - there are a number of very strong faith-based charities on the webinar today that can as well. But if it isn't a possible asset on your website, in conversations, something that staff won't run screaming from, then clearly it is not going to even come up. Our average major gift donation in this space is just under $5 million. So, it doesn't have to come up a lot to make it worth it.<br><br>And national DAFs and community foundations. The key is to open the conversation about noncash assets more broadly. |