

Charitable Gifts of Business Interests, Real Estate and Cryptocurrency

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President
Charitable Solutions, LLC



- Specializes in non-cash asset receipt and liquidation, gift annuity reinsurance brokerage, actuarial gift annuity risk management consulting, emergency assistance funds, virtual currency and life insurance appraisals/audits
- Created the National Gift Annuity Foundation, the largest national independent gift annuity platform
- Served as:
 - Director of planned giving for the United Way of Metropolitan Atlanta
 - National director of planned giving for Boys & Girls Clubs of America
 - Vice president of advancement at The Community Foundation for Greater Atlanta
- Has given more than 2,000 presentations on charitable gift planning
- Author of "Charitable Gifts of Noncash Assets"
- Serves on the Editorial Board of the Planned Giving Design Center, the Advisory Board for the American College's Chartered Advisor in Philanthropy designation, the American Council on Gift Annuities' Rate Recommendation and Research Committee and the National Association of Charitable Gift Planners Board

Agenda

- **Non-Cash Market Overview**
- **Non-Cash Asset Types**
- **A 5-Minute Non-Cash Tax Seminar**
- **Appraisal Requirements**
- **Noncash Asset Challenges**
- **Two Case Studies**

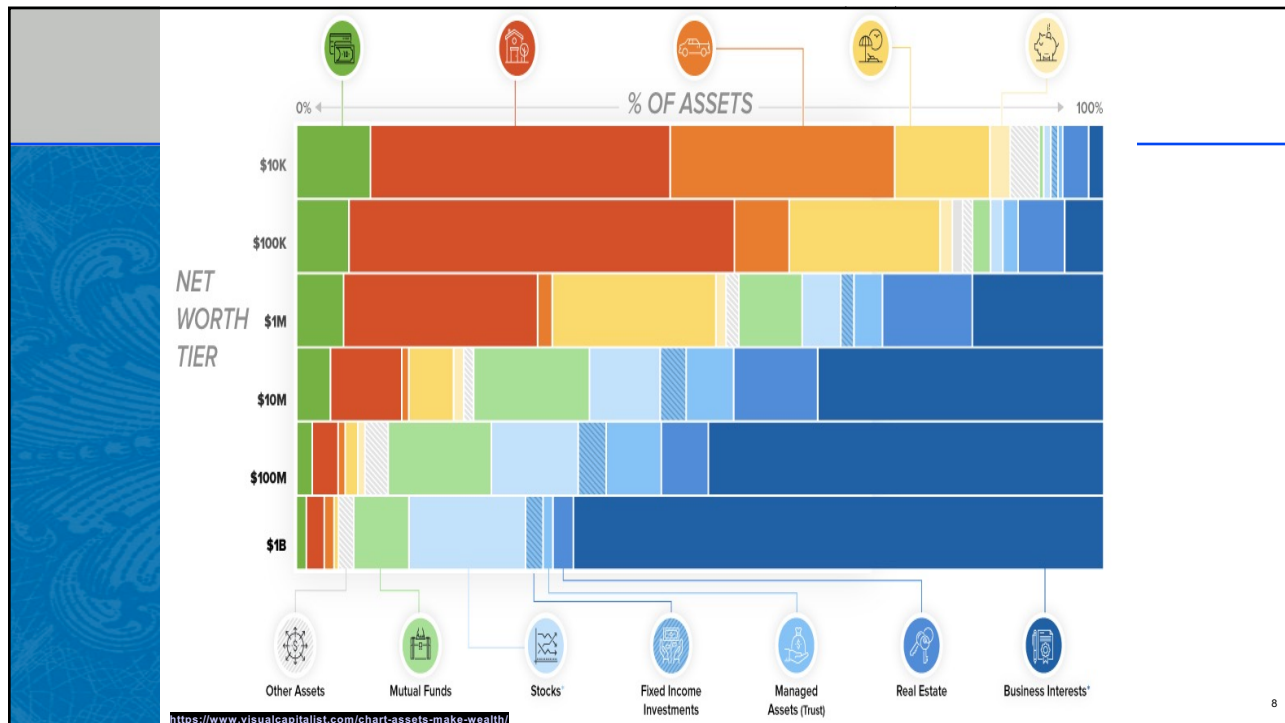
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Non-Cash Asset Market Overview

- **More than half of affluent investors' assets are held in non-cash assets; cash only represents 6-8% (3% for Census households)**
- **Aggregate stock market value is approximately \$28 trillion; non-cash market estimates are \$55-65 trillion**
- **Of the \$390 billion in donations last year, non-cash assets are estimated to be 6-8%**

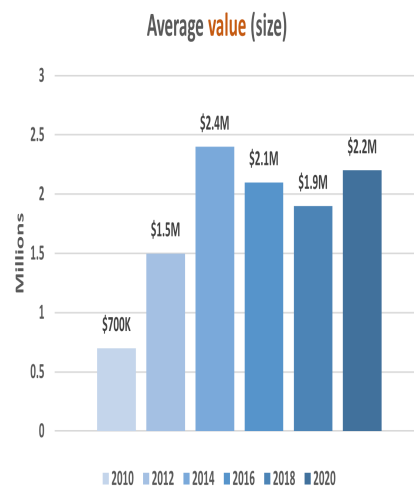
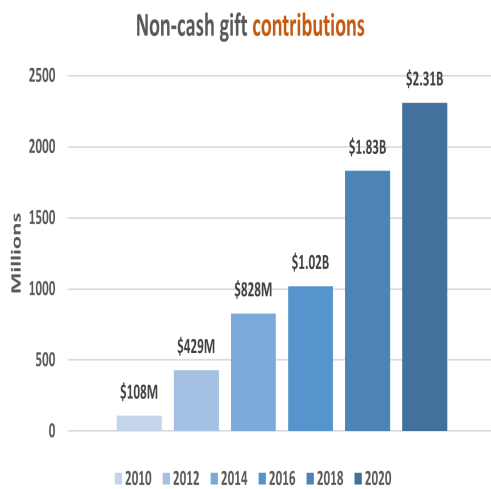
Source: Spectrum 2010 HNW Survey

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Exponential Growth of Noncash Gifts to Only Three Charities



Source: Charitable Solutions, LLC based on 2020 IRS 990 Data

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Dechomai Noncash Assets in 2021

<u>Type</u>	<u>Sub-Type</u>	<u>Number</u>	<u>Amount</u>
Total Donations		261	\$ 1,177,317,142
Real Estate		61	\$ 42,663,620
Business Interests		151	\$ 1,081,864,728
	C-Corp	49	\$ 506,194,583
	S-Corp	14	\$ 55,780,695
	LLC/LTD/LP/ GP	89	\$ 519,889,450
Cryptocurrency		37	\$ 28,142,376
Cash		7	\$ 3,430,548
Other (Foreign Stock, Life Insurance, Public Benefit Corporation)		4	\$ 21,215,870

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Non-Cash Asset Types (Minority or Majority Interest)

- Real Estate
 - Residential vs. Commercial, Encumbered vs. Unencumbered, Privately-Held Interests
 - C-Corp and S-Corp Stock, Limited Partnerships or LLCs
- Restricted Stock
- Tangible Personal Property – Art/Collectibles (New PPA Rules)
- Weird Stuff
 - Quarterhorse, New York Mercantile Exchange Seat, Gold Bullion, Euro-Denominated Bond, Beach House in Mexican Land Trust, Paris Condo, UPREIT Partnership Units, Patents, Timber Deeds, Clay Mineral Rights, Book Royalties, Oil & Gas Interests, Hedge Fund Carried Interest, Crypto, NFL Team, Pile of Dirt, Historic Papers, and finally, Dead Animals

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A 5-Minute Non-Cash Seminar

- Cash **BAD** – Everything else **GOOD!**
- Capital gain property receives a fair market value deduction AND an elimination of capital gains tax if donated to a public charity
- If donated to a private foundation, donations of non-cash assets during life only receive an adjusted cost basis deduction
- Public charities do not have a 5% payout requirement – private foundations do
- Donor advised funds are especially attractive for multiple grants—only one acknowledgment letter needed

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Appraisal Considerations

- Qualified appraiser completes qualified appraisal may occur 60 days prior to gift at the earliest, and the latest being the time the donor files her tax return – Donor completes Form 8283 and Charity completes Form 8282
- Considerations:
 - * Appraiser may be penalized for inflating value
 - * Value may incorporate discounts for control/marketability on minority interests
 - * Donor selects, engages and pays appraiser

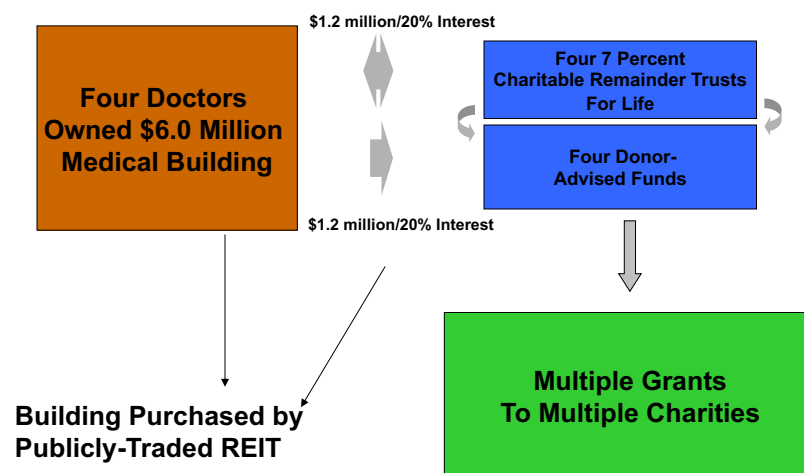
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Noncash Asset Challenges

- Tax and Legal Complexity
- Environmental Issues
- Management Issues
- Charity's Internal Process
- Perceived/Real Risk/Reward Ratio

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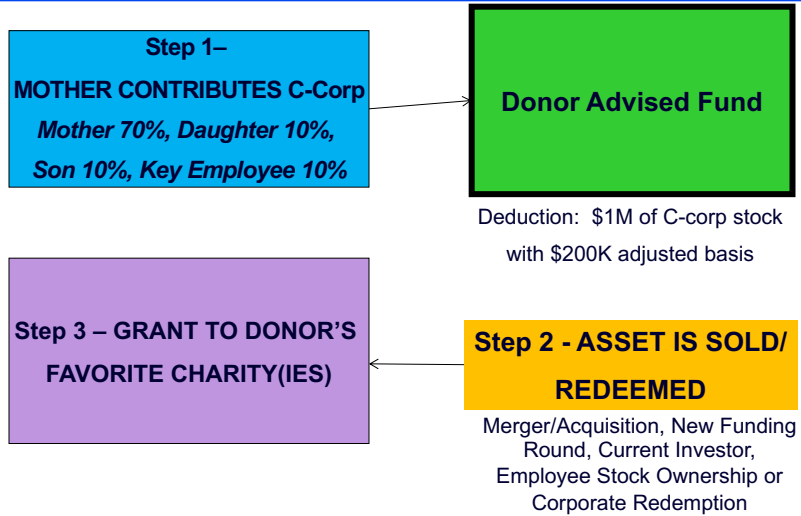
Case Study #1: Commercial Real Estate Contribution



For illustrative purposes only.

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Case Study #2: C-Corp Donation



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Q&A

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Additional Questions

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Webinar Resources

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Thanks!

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