

Donors may contribute a wide range of assets to their NPT Transatlantic donor-advised fund (DAF). Complex and illiquid assets are unique, and they require individual due diligence evaluation. NPT Transatlantic's charitable experts are on hand to assist donors and their advisors through every step of the contribution.

Key Considerations for a Successful Contribution

NPT Transatlantic asks a number of evaluation questions in its due diligence, especially for gifts of privately held business interests. To start the process, the donor provides documentation related to the asset for NPT Transatlantic's review, which may include:

- Articles/Certificate of Incorporation or Certificate of Formation
- Bylaws
- Shareholder, operating or partnership agreement
- Transfer agreement or Assignment of Interest (if required by the company to transfer the interest)
- Audited financial statements for 2-3 most recently completed tax years
- Recent company appraisal
- K-1 statements (if applicable)
- Organisational chart (of affiliated entities)
- Any other documents or agreements that will affect NPT Transatlantic's ownership such as voting rights, rights of first refusal or co-sale agreements

Some of the most common discovery questions may include:

OWNERSHIP

- Can NPT Transatlantic be the legal owner of the asset?
- Are there any restrictions on transferability, or any holding period restrictions?

RISK AND COST

- Is the asset or the company subject to any claims, liabilities or encumbrances outside of the ordinary course of business?
- Is there unrelated business income that would pass through to NPT Transatlantic (either from an active business or debt financed assets in the company)?
- What percentage interest does the client own in the company?
- Are there carrying costs or potential capital calls?

LIQUIDITY

- What is the exit strategy (e.g. corporate redemption, shareholder buyback, third-party sale)?
- Is there a buyer interested in purchasing the asset?
- Has anything been signed in connection with an anticipated sale?

Other Considerations

CONTRIBUTION DETAILS. NPT Transatlantic needs to know the approximate value and number of shares or percentage interest being contributed; when the donor expects the transfer to occur; and whether the gift consists of voting or nonvoting shares/interests.

HOLDING PERIOD. NPT Transatlantic, at its discretion, may be able to hold an illiquid asset prior to sale for a period of time, the length of which is determined by factors including market conditions and liquidity restrictions. During the holding period, donors are asked to cover all carrying costs, including taxes, if applicable.

Other Considerations (continued)

APPRAISAL. The IRS requires that the donor obtain a qualified appraisal of the contributed asset to substantiate the value claimed for tax purposes. The appraisal must provide a value for the asset as of the date of the contribution, and may be obtained any time up until the donor files their annual tax return, though no earlier than 60 days prior to the gift. If a donor fails to obtain an appraisal, the IRS may disallow the tax deduction.

LIQUIDITY. A DAF account is required to have sufficient liquidity to satisfy grants and fees, including but not limited to the Charitable Administrative Fee.

GIFT PROCESSING DUE DILIGENCE. NPT Transatlantic performs due diligence on all illiquid gifts for both US and UK requirements prior to making a decision to accept the gift. NPT Transatlantic passes on to the DAF its costs incurred in connection with accepting the asset. The gift processing costs will depend on the level of due diligence required. NPT Transatlantic will provide donors with a good faith estimate of such costs prior to incurring them. Additional costs may be incurred in connection with the liquidation of the contributed asset. The gift processing costs, and any additional liquidation costs, generally will be deducted from the balance of the donor-advised fund. However, NPT Transatlantic, at its discretion, may request that donors make a charitable contribution to their donor-advised fund to cover these due diligence expenses in advance.

NPT Transatlantic charges an ongoing charitable administrative fee to the DAF account, as described in the *Donor Advised Fund Reference Guide*.

Contribution Minimums

Gifts of privately held business interests are one of many types of illiquid assets NPT Transatlantic can accept as a contribution. The below table shows NPT Transatlantic's established contribution minimums for several types of assets NPT Transatlantic may accept.

TYPE OF ASSET	CONTRIBUTION MINIMUM
Real estate (residential and commercial)	£ 2,000,000
Alternative investments (hedge fund and private equity)	£ 1,000,000
Privately held business interests	£ 500,000
Tangible personal property (artwork and collectibles)	£ 250,000
Structured notes	£ 250,000
Restricted stock (including Rule 144/145)	£ 25,000
Cryptocurrency	£ 25,000

Get Started

Gifts of illiquid assets require special attention but can be excellent sources of philanthropic capital. NPT Transatlantic can help donors develop the best possible giving strategy. To learn more about how NPT Transatlantic can assist with charitable contributions of illiquid assets, contact us at enquiries@nptuk.org or +44 (0)800 133 7540. We look forward to helping you fulfill your philanthropic goals.

NPT Transatlantic does not provide legal or tax advice. The information provided in this document does not, and is not intended to, constitute legal or tax advice; instead, all information contained herein is for general informational and educational purposes only. Donors should contact their attorney or professional tax advisors to obtain advice with respect to their individual tax circumstances or any other legal or tax matter.