

Analyzing Gifts of Illiquid Assets
presentation for:
Northern California Planned Giving Conference

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 April 24, 2023

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Gift Acceptance Policies

- Enacted by the governing board.
- Provide broad guidance on information to be provided (and not provided) to donors, assets that will be accepted, and permissible restrictions.

Gift Acceptance Procedures

- Most often created by the planned giving department and officers.
- Provide detailed procedures to be complied with before accepting a specific gift.

Written Agreements


- Gift arrangements should be set forth in a written document describing the terms, conditions, and restrictions (if any) applicable to the gift.

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Closely Held Stock

- Establish a threshold amount before proceeding.
- Sale or redemption opportunities?
- Negative publicity?
- Review shareholder agreement and tax returns.

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Partnerships and Limited Liability Companies

- Establish a threshold amount.
- Review partnership agreement or LLC operating agreement.
 - Capital calls?
 - Additional contributions?
- Sale or redemption opportunities?

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Partnerships and LLCs (continued)

- Confirm that interest to be received is a limited partner interest or interest in an LLC.
- Unrelated business taxable income issues.
- Debt can generate UBTI.

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Real Property

- Copy of deed.
- Copy of current property tax bill.
- Preliminary title report.
- Encumbrance documents.
- Leases in force.
- Profit/Loss statement.
- Insurance coverage.
- Correspondence affecting property.


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Real Property (continued)


- Physical inspection of property.
- Environmental issues.
- Donor representations/warranties.
- Title insurance policy.

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Remainder Interest in Residence or Farm

- Donor(s) gift the property to charity and retain a life estate.
- Deed to convey the property to the charity.
- Co-Ownership or Co-Tenancy agreement.

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Thank You!
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