



Illiquid Asset Contribution Guidelines

National Philanthropic Trust (NPT) accepts illiquid assets to help donors create or add to their donor-advised fund. Every illiquid asset is unique. Therefore, each gift is individually evaluated and managed to maximize its value and ensure compliance with IRS gifting rules. NPT provides personalized communication with donors and advisors for every aspect of the review and liquidation process.

I. Contribution Minimums

NPT has established minimum thresholds for accepting illiquid assets. They are listed below.

Type of Asset	Contribution Minimum
Alternative Investments (Hedge Funds & Private Equity)	\$1,000,000
Privately-Held Interest (C-Corp, S-Corp, LLCs)	\$500,000
Real Estate (Residential & Commercial)	\$500,000
Tangible Personal Property (Artwork & Collectibles)	\$250,000
Structured Notes	\$250,000
Derivatives	\$250,000
Publicly-Traded Partnerships	\$250,000
Restricted Stock (Including Rule 144/145)	\$100,000
Foreign Securities	\$100,000

II. Liquidation Fees

NPT charges additional fees to manage the process of liquidating unique assets. These fees are considered a qualifying expense by the IRS and can be deducted from the sale of the donated asset. NPT will apprise you of anticipated fees prior to deducting them from your donor-advised fund. Guidelines for the liquidation process are noted below:

A. Due Diligence Review

NPT's staff dedicates additional time and resources to analyze illiquid assets prior to accepting them. During the asset evaluation phase, NPT and, if necessary, outside professionals evaluate the asset based on:

Marketability - Analyze the market to determine how and when the asset can be sold.

Risk Management - Evaluate the inherent risks for accepting, holding and liquidating the asset.

Legal/Tax Matters - Review agreements, transfer documents, evaluate IRS gifting rules and/or determine the possible tax consequences of contributing the asset.

II. Liquidation Fees (continued)

B. Holding Period Management

NPT may hold an illiquid asset for a period of time prior to its sale. Market conditions or restrictions placed on the asset may determine the length of time NPT holds the asset. During the holding period, donors are asked to cover all related costs. Types of costs include but are not limited to:

Safeguarding - Expenses related to protecting and holding the asset.

Documentation - Expenses related to IRS filings, financial statements and record keeping.

UBIT - Expenses involving unrealized business income tax.

C. Financial and Tax Reporting

NPT will reconcile financial and tax-related matters including but not limited to:

Tax Filing - Federal, state and/or foreign forms.

Audit Management - Document preparation for internal and external audits.

D. Other Expenses

NPT reserves the right to deduct from the donor-advised fund any costs related to the asset that NPT incurs during the illiquid gift management process. Funds are deducted from the net proceeds in the donor-advised fund either during the holding period or after the asset has been sold.

III. Key Considerations

A. Appraisal

The IRS requires a donor to secure a qualified appraisal within 60 days prior to the gift or by the time the donor files his/her annual tax return. If a donor fails to obtain a qualified appraisal, the IRS may disallow the donor's tax deduction.

B. Gift Proceeds

Due to the amount of time required to liquidate the asset, sales proceeds may differ from the appraised or fair market value at the time of the contribution.

C. Tax Consequences

NPT does not provide legal or tax advice. Donors need to consult their professional tax advisor to evaluate their individual tax circumstances.

IV. Communication

NPT provides personalized service for every aspect of the review and liquidation process. If you are interested in contributing an asset that is not listed above or to learn more about NPT's illiquid gift processing services, please call toll free at (888) 878-7900 and ask for an illiquid gift representative.