

# Accepting Stock Donations

March 16, 2023

# Advantages to Donors

- ▶ Receive deduction for full donation amount
- ▶ Do not pay capital gains tax on appreciation

# Getting Set Up to Receive Stock Gifts

- ▶ Open a brokerage account
- ▶ Create a letter of instruction
  - ▶ Name of brokerage
  - ▶ DTC Number
  - ▶ Account Number
  - ▶ Contact information
- ▶ Update appropriate policy to include handling of gift of securities
- ▶ Set up standing order with broker to sell gifts as soon as received
- ▶ Set up transfers between brokerage account and bank account
- ▶ Develop internal procedures for stock gifts: track, record and acknowledge

# Receiving Gifts of Stock

- ▶ Let donors know you have this capability
- ▶ Require donors to contact you before transferring
- ▶ Collect information from the donor about the transfer
  - ▶ Name of security
  - ▶ Number of shares
  - ▶ Originating brokerage
  - ▶ Gift designation, if any
  - ▶ Name, address and contact info for donor (if not in database)

# Valuing Gifts of Stock

- ▶ Average of the high/low price on day received
  - ▶ Use historical quotes on any website with stock quotes
- ▶ Gifts of privately held shares worth over \$10,000 requires an appraisal

# Recording Gifts of Stock

- ▶ Record receipt of stock at valuation amount
- ▶ Record sale of stock at amount received with any difference going to Realized Gain/(Loss)

# Acknowledging Gifts of Stock

- ▶ Include date received, name of security, and quantity of shares
- ▶ May also include high/low pricing on day received as a courtesy
- ▶ Do not include a valuation amount
- ▶ Also include standard “no goods or services received” language

# Situations to Avoid

- ▶ Avoid accepting securities that do not have an active marketplace for sale
  - ▶ Securities not traded on a major exchange
  - ▶ Foreign securities
  - ▶ Privately held companies
  - ▶ Preferred shares or similar
- ▶ Do not give financial/tax/investment advice to your donors
- ▶ Do not try to time the market
- ▶ Do not forget about your brokerage account, make sure to monitor it
- ▶ Be sure to rely on experts, like financial advisors and accountants



# Other Options for Accepting Stock Gifts

- ▶ Whitefish Community Foundation can accept gifts on your behalf
- ▶ We process the gifts and pay to you as a grant
- ▶ We charge a 10% fee for the processing
- ▶ Stock gifts to your endowment fund held with us are not charged a fee
- ▶ Have your donors give during the Great Fish Community Challenge, we do not charge any fees during the campaign

# Questions?

- ▶ Contact us if you have questions
  - ▶ Daria Perez, [daria@whitefishcommunityfoundation.org](mailto:daria@whitefishcommunityfoundation.org)
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