

SIRF Question: Stock Transfer Valuations.

A series of stock donations to Chesed and Hod from the Karfunkels between 2005 and 2012 appear to be at levels sharply higher than “fair market value,” or the average of the high and low trades of the day. Per the IRS regulation I sent last week, FMV is the standard valuation tool for non-profit public security portfolios. *What valuation standard was made in assigning the value for the AFSI, ONVO, CBNR, C, BTX, MHL, FNMA grants?*

Karfunkel response: Stock Transfer Valuations

You note that “a series of stock donations to Chesed and Hod from the Karfunkels between 2005 and 2012 appear to be at levels sharply higher than “fair market value”, or the average of the high and low trades of the day.” This is because in such cases there was a lag time between the date of the donation by the donor and the date on which the Foundation acknowledges receipt of the actual shares. The stock that is donated is valued on the date that the donation is made NOT on the date on which the Foundation physically takes possession of the security. The 990s of the Foundations you reference reflect the date these Foundations were in receipt of the shares and not the dates of the donations.

On several occasions, you have mentioned the large disparity between the trading value of Citicorp shares on the date it is listed on the Chesed 990 and the value of that donation taken by George Karfunkel. That Citicorp stock was donated approximately two years prior to the date that Chesed physically received the shares. The lag time between date of the grant by George Karfunkel and date of receipt of the shares by Chesed spanned approximately 2 years. The reason for the long lag time was that the certificates for Citicorp shares donated by George Karfunkel bore a legend and could not be transferred physically at the time he made the donation.