



INTRODUCING

**The Alternatives
Foundation**
*(formerly Texas
Alternatives Foundation)*

**ENTRUSTED TO TRANSFORM
EDUCATIONAL GIFTING WITH
ALTERNATIVE ASSETS**



Turning Alternative Assets Into Philanthropic Impact

The Alternatives Foundation brings together leaders across Texas to turn alternative assets into philanthropic capital in support of transformative education, arts, scholarship, and research at universities throughout the Lone Star State.

Aiming To Raise \$1 Billion To Impact Texas Universities

Education in the United States is at a pivotal moment.

Texas is home to a thriving higher education ecosystem, with world-class public and private universities fueling innovation, economic growth, and leadership across the state.

Texas institutions are producing top-tier graduates in energy, technology, law, business, and healthcare—sectors that are driving the Texas economy.

To build on this momentum, Texas universities must continue investing in and delivering transformative education. Philanthropic support is key to expanding access, advancing research, and enabling the next generation of Texas leaders to thrive.

The Alternatives Foundation offers a powerful new way to support these universities. As more wealth shifts to private capital, we've created an opportunity to make a lasting impact on education throughout Texas.



A New Way to Maximize the Value of Illiquid Assets



For philanthropists and business leaders who want to make a meaningful impact, The Alternatives Foundation provides a way to contribute illiquid assets—such as stakes in limited and general partnerships and privately held businesses—in support of higher education and research.

We are working with donors to build a billion-dollar philanthropic pipeline of closely held shares in Texas's most valuable ventures, partnerships, and other illiquid assets. As assets exit, the cash generated follows the donor's intent to support academic programs, student success initiatives, and capital projects across Texas universities.

By contributing illiquid assets through The Alternatives Foundation, donors join a strong network of Texas-based and Texas-spirited investors, founders, owners, and operators who are committed to strengthening higher education in our state.

[Maximize the value to you and impact of your gift.](#)

The Alternatives Foundation's board and advisers have the expertise, resources, and patience to maximize the value of donors' illiquid assets. This specialized knowledge allows the foundation to offer comprehensive solutions to manage these assets effectively, from valuation to the most strategic exit opportunities, ensuring maximum impact.

The Alternatives Foundation combines expertise in sourcing and managing illiquid assets to optimize the value of donations while keeping fees to a minimum.

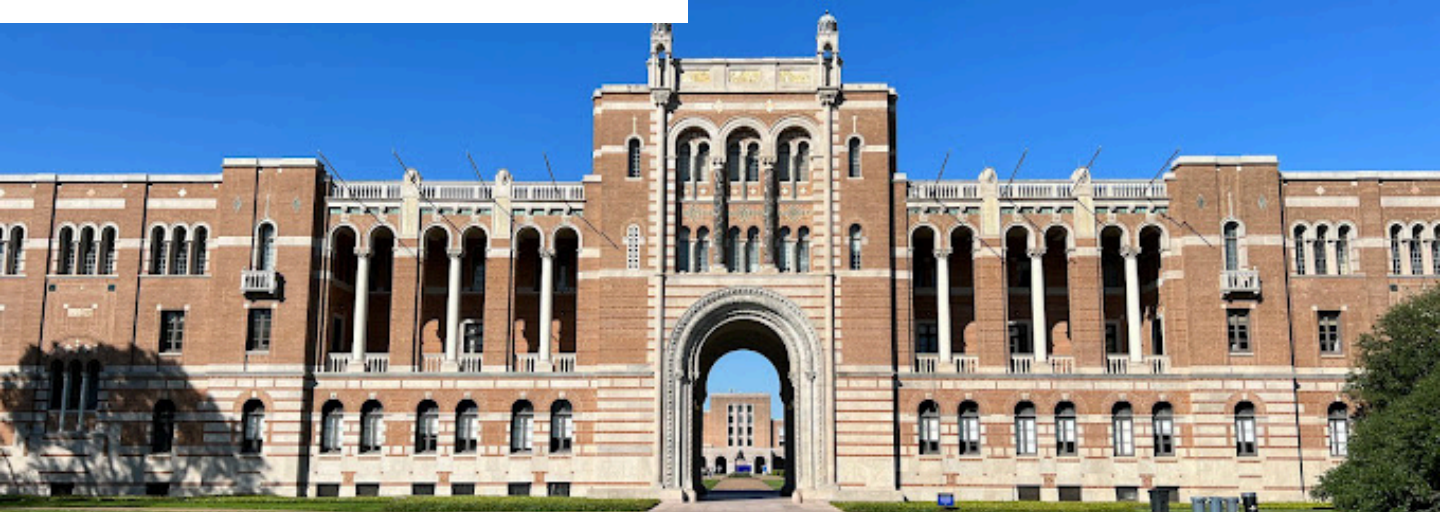
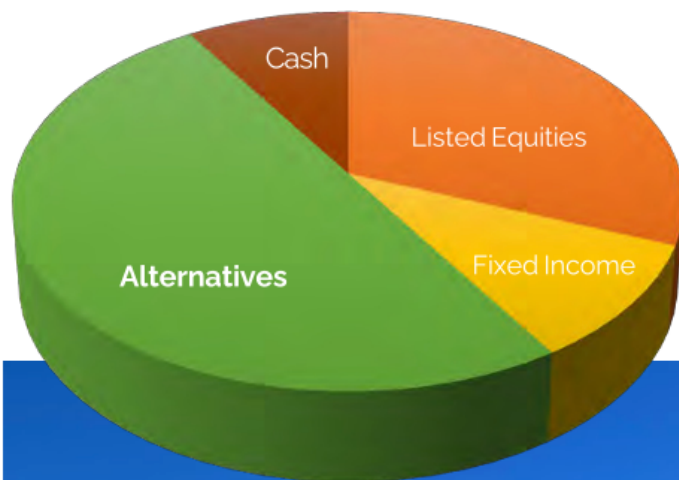
U.S. Wealth

By 2025, total alternative investments under management are projected to reach **\$17.2 trillion**—a four-fold increase since 2010.

For high-net-worth individuals, **alternative assets represent the majority of their wealth**, yet university development officers focus primarily on cash gifts. Current research suggests cash represents 9% of total high net worth assets in 2023.

Gifts of illiquid assets are the most underutilized category of charitable asset. Yet they provide the most advantages from a tax perspective.

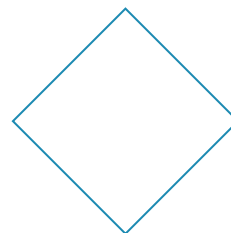
U.S. Wealth



Entrepreneurial Philanthropy

It is estimated that there are 1.7 million individual businesses structured as C-corps. When an owner is ready to exit, unlocking the wealth within these closely held shares presents a powerful way to build a tax-smart charitable legacy while advancing education.

The Purpose-built Solution



The Alternatives Foundation (TAF) is the nation's only 501(c)(3) specializing exclusively in partnering with educational institutions to enable them to benefit from the wealth created and held in alternative investments. TAF is a catalyst for positive change, bringing together national leaders to turn alternative assets into philanthropic capital in support of transformative education, arts, scholarship, and research.

Focus

Focused on illiquid assets such as Venture Capital, Private Equity, and Closely-held business interests and purpose built to optimize the value of the donation for the school

Strategic

Sharing industry knowledge and expertise of the team and advisors to educate school development teams and donors

Relationships

Vast network of entrepreneurs, private equity, venture fund managers, family offices and private investors

Unmatched Expertise

Board and Advisory Board are comprised of PE investors, PE fund managers, wealth managers, private equity attorneys, taxation attorneys, CPAs, and valuation experts

De-Risking the School

No reputational risks

No timing risks

No compliance risks

No donor leakage risks



How This Works

When a donor wants to contribute their limited partnership interest or other closely held business interest for a philanthropic purpose, the donor transfers their interest to The Alternatives Foundation. Our finance committee stewards that gift until the most advantageous time to liquidate.

This process allows donors to eliminate capital gains tax liability on the portion they contribute while also receiving a charitable contribution deduction for the fair market value of the interest they donated, subject to tax regulations (consult a tax professional for details).

When the limited partnership interests are liquidated, the proceeds are granted in precise alignment with the donor's intent.

Representatives from TAF & the University meet with the Donor

Donor obtains an appraisal, completes paperwork and transfers the asset to TAF

TAF's finance committee stewards the asset to optimize liquidation value
University leadership continues nurturing the donor relationship

When the asset is liquidated, the proceeds are granted based on Donor's intent as noted in the MOU

TAF is the Right Solution

The Alternatives Foundation simplifies the process of donating complex gifts, making it easier for donors to maximize their philanthropic impact.

We understand investors and entrepreneurs because we are investors and entrepreneurs. Donors can trust us to appreciate the effort they've put into building their businesses and to steward their gifts responsibly. Our streamlined process ensures quick due diligence and onboarding to minimize donor frustration. We also offer some of **the lowest fees in the sector**, with **fees deferred until liquidation**, ensuring that more money ultimately reaches educational institutions.



Example

To illustrate the benefits of donating long-term held and appreciated private equity fund interests, consider the case of Sherry, an investor.

She recently retired and now wants to dedicate her time and money to supporting her favorite charities. While meeting with her advisor she learned she might be able to donate her limited partnership interests in two private equity funds, both of which have recently completed the investment stage and will soon realize and distribute gains.



Working with her advisor, Sherry identifies an interest held more than one year with a fair market value of \$1 million and adjusted cost basis of \$250,000. Assuming a 20% federal capital gains tax rate based on Sherry's retirement income level, if she sold her interest, she would realize appreciation or capital gains of \$750,000 and owe an estimated \$150,000 in federal capital gains taxes ($\$750,000 \times 20\% = \$150,000$).

In this scenario, as shown in Option 1, after paying the federal capital gains taxes, Sherry's estimated net cash available for charitable giving is \$850,000.

In Option 2, Sherry decides to donate the interest to The Alternatives Foundation. This unique fund is advised by a committee of private equity experts and is willing to accept this type of asset and hold it until termination. With proper approvals from the private equity fund's general partners, Sherry's advisor coordinates the transfer of ownership to the charitable fund. In this scenario, Sherry may be able to eliminate capital gains taxes (\$150,000) while potentially taking an income tax deduction based on the fair market value of her interest (\$1,000,000), assuming she itemizes her deductions.

The Most Tax Efficient Way to Give

Scenario: Sherry is considering making a donation to her university. She has an LP interest appraised at \$1 million. She could sell the interest and donate the proceeds or, if possible, she could donate the interest without liquidating first and avoid the capital gains tax.

Option 1: Sell the interest & then donate the after-tax proceeds

Long-term capital gains taxes paid:
\$150,000

$\$1\text{M} - \$250\text{k} = \$750\text{k}$
 $\$750\text{k} \times 20\% = \150k



Charitable contribution & tax-deduction:
\$850,000
FMV - Capital gains tax



Net Tax Savings: \$164,500

Option 2: Contribute the interest via TAF

Long-term capital gains taxes paid:
\$0



Charitable contribution & tax-deduction:
\$1,000,000



Income Tax Avoidance (based on 37% tax rate) \$370,000
 Long Term Capital Gains Tax Avoidance: \$150,000

Donating the illiquid asset (Option 2) provides an **additional \$205,500 in tax savings** and unlocks an **additional \$150,000 philanthropic impact**

**The example does not take into account any state or local taxes or the Medicare net investment income surtax. The tax savings shown is the tax deduction, multiplied by the donor's income tax rate (37% in this example), minus the long-term capital gains taxes paid. It also does not illustrate the increased philanthropic impact if the asset increases in value while held in the fund. For simplicity, the example also does not account for selling the illiquid asset at a discounted value.*

Leadership



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(in memoriam)

Founder
Winstead PC

*Stanford University
University of Texas
Law School*



THE
ALTERNATIVES
FOUNDATION

Advisors

Join Us!




Gifts to public charities have greater tax benefits than gifts made to private foundations. Whereas many public charities lack the resources to properly manage complex illiquid financial assets, such as limited partnership interests, The Alternatives Foundation brings together the expertise to steward such gifts.

Gifts of illiquid assets require special attention but can be excellent sources of philanthropic capital. We stand ready to work with you to maximize the impact of your gift.

Join us in turning alternative assets into philanthropic impact in support of transformative education, scholarship, research, and the arts for the betterment of our state.

**For more information:
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www.TheAlternativesFoundation.org**



The Alternatives Foundation is a catalyst for positive change, bringing together leaders exhibiting the Texas spirit to turn alternative assets into philanthropic capital in support of transformative education, arts, scholarship, and research. Learn more at www.TheAlternativesFoundation.org