

# NOTAM

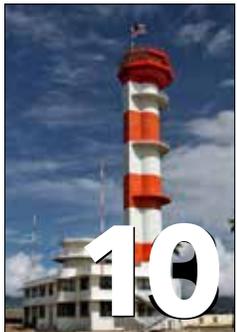
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PEARL HARBOR AVIATION MUSEUM | FORD ISLAND, HAWAII

## VAL HEADS TO FORD ISLAND

MUSEUM ACQUIRES RARE  
JAPANESE WWII BOMBER





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### ON THE COVER:

The cover image is taken from the painting presented here in its entirety. We deeply appreciate the support of the Hasegawa Corporation and the famed warbird artist, Mr. Yozo Toyooka, for their permissions to use this image of the Aichi D3A Type 99 Bomber "Val" which appears on the box of the Hasegawa model. It is our honor to share this wonderful painting with our readers.

# THE POWERFUL IMPACT OF TRANSFORMATIONAL GIFTS

By Chris Thorpe, Finance, Investment and Executive Management Professional



**Chris Thorpe**

It's not often that good fortune can be extended into a transformational gift. Perhaps once in a lifetime, one could have a financial liquidity event that unlocks personal or family wealth.

The sale of a business, for example, can unlock wealth which may have been inaccessible for generations. Once this

has occurred, the challenge becomes how to deploy the capital into productive investments and charitable gifts that may be transformational – supporting generations to come. Fortunately, there are examples of how this can be achieved with a little planning and creativity, all with the benefit of minimizing taxes.

## CONTRIBUTING BEFORE THE SALE OF A COMPANY

For example, business owners or investors that hold material positions in valuable businesses have the ability to contribute appreciated stock to charities and bypass capital gains tax. This strategy has been used for all kinds of planned giving to charities. However, for this strategy to work, these contributions have to be made prior to the sale of company stock. For publicly traded securities, the charity must receive the stock position first, then sell it for its cash value at current market pricing.

When privately owned businesses are sold, this strategy is much more complicated. Since private stock positions are typically illiquid (slow to buy or sell), it can be difficult or impractical for a charity to monetize. The same is true if private company stock or real assets are bequeathed at death because the beneficiary takes on the role of agent to sell the asset however difficult that may be. Although some charities can take on this role, it is not typically their expertise which may create unintended results.

One way for business owners to overcome this problem is to negotiate a transaction that includes a consideration for

charity with a potential buyer. For example, if a business is being sold for \$1 million, the seller may ask the buyer to pay \$900,000 in cash and make a \$100,000 charitable contribution to the Pearl Harbor Aviation Museum. The business owner then has a smaller capital gain tax and the buyer has an income tax deduction equivalent to the gift. This strategy is a win-win for both parties financially, and also has an invaluable long-term impact for both having supported a worthy cause, potentially in perpetuity if the money is reinvested.

## LEVERAGING MORE PEOPLE AND RESOURCES

Since both parties participate in such a transaction, it leverages more people (or family) and resources that would have otherwise been disconnected. Furthermore, it allows for buyers and sellers to engage in a dialogue with the intended charity about the use of funds and the purpose of their contribution. This can be engaging and rewarding for all participants who can benefit beyond the transaction itself. In the case of Pearl Harbor Aviation Museum, donors of all kinds connect with the history of WWII and the sacred battleground on Ford Island and Pearl Harbor.

For business and large company stock owners, using a transaction that explicitly asks the buyer to include a charitable gift can be rewarding and potentially transformational for all of those involved. After all, gifts to Pearl Harbor Aviation Museum can be used to name special exhibits, preserve assets and history, support education or all of the above. In all cases, the more well-researched the plan is, the better the result will be.

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*Chris Thorpe is a finance, investment and executive management professional who invests in middle market, founder and family owned businesses. His executive level experience includes business valuation, financing, Merger & Acquisition execution and building management teams to achieve outstanding results for stakeholders.*

*He has extensive industry experience in energy, financial derivatives, chemicals, distribution and automotive aftermarket companies. Mr. Thorpe also advises ultra-high net worth investors deploying capital in public and private markets.*

*He holds a BA from the University of British Columbia (93), MBA from INSEAD (00) and is a Chartered Financial Analyst (CFA).*