



National
Philanthropic
Trust

Reaping a Philanthropic Harvest A Real Estate Case Study

Owners of an agricultural property in Southern California decided it was time for them to sell the property. While conferring with their financial adviser, the idea for a charitable gift was explored. They jointly decided on establishing a donor advised fund with National Philanthropic Trust.



National Philanthropic Trust was contacted in early December and asked to accommodate the gift. National Philanthropic Trust partnered with Chase Magnuson at Real Estate for Charities to help facilitate the donation and a successful conclusion was reached by the year's end.

Using National Philanthropic Trust, the donors chose to fund their DAF with a 10% undivided interest in the California property. They retained the flexibility of completing an IRS qualified tax deferred exchange for all or any part of their remaining equity.

Several buyers had interest in the property. Gift law requires all qualified donations to be completed prior to the donor entering into a sales contract or option to purchase. The donors wanted to take advantage of the gift deduction and establish the DAF prior to the end of 2005. A "Letter of Intent to Donate" was signed by the donors and accepted subject to all trust documentations and deed transfer prior to December 31, 2005. This process was accomplished and an acceptable option/buyer stepped up to contract for the property in January 2006.

The undivided joint property owners entered into the option arrangement in 2006. The option was triggered and closing occurred in February 2006. The title company divided the sales proceeds based on ownership percentages resulting in a total gift to National Philanthropic Trust of over \$895,000. The owners' philanthropic goals can now be pursued through funds provided by a percentage interest in a major real estate asset.

The financial advisor remained the investment advisor for the DAF on behalf of the donors. The donors received a gift tax deduction and National Philanthropic Trust, directed by the donors, was able to accommodate the donation of real estate equity to the benefit of numerous charities.

To find out more about giving real estate please contact **Andrew Hastings, Vice President, (888) 878-7900.**