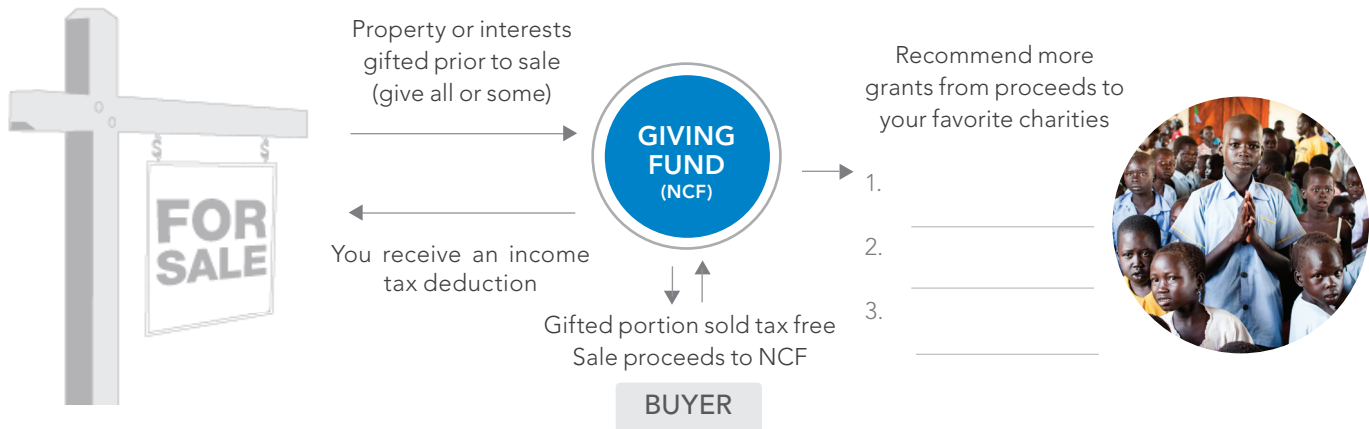


USING YOUR REAL ESTATE TO FUND MINISTRY

Helping real estate owners multiply Kingdom investing by giving non-cash assets

Many real estate investors have a heart to give charitably but feel hindered by their limited cash flow, illiquid assets, and growing taxation of their investments. National Christian Foundation (NCF) has a solution which allows you to give interests in appreciated real estate (raw land, residential, and/or commercial real estate) to NCF prior to sale. This strategy avoids capital gains taxes on the gifted portion, and you will likely receive an income tax deduction for the fair market value of the gift, freeing up additional cash flow for more giving.



THE BENEFITS OF GIVING REAL ESTATE

- Turn illiquid assets into more Kingdom giving (immediately after the sale).
- Preserve the full fair market value of the gifted asset for Kingdom investing.
- Avoid or reduce capital gains taxes, moving more dollars to ministry.
- Maximize your sale by leveraging the deductions reserved for non-cash assets (up to 30% of AGI).
- Reduce current-year income taxes providing increased cash flow.
- Work with one organization (NCF) but recommend grants to multiple ministries now or over time.

THE RESULTS OF GIVING BEFORE THE SALE

This table shows the impact of giving a \$1,000,000 piece of land with a \$100,000 cost basis and no debt.

	Sell then Give	Give then Sell
Taxes	\$259,200	\$0
Income Taxes Saved	\$330,397	\$446,000
Total Tax Benefit	\$330,397	\$705,200
Giving	\$740,800	\$1,000,000

As a result of giving assets vs giving cash, **\$259,200 MORE** would go to your favorite ministries while increasing net cash flow by \$115,603 for more giving or other options. \$374,803 more is available by giving through NCF!

A FIVE-STEP PROCESS FOR MORE GIVING

- 1 Exploration
- 2 Custom Illustration
- 3 Due Diligence
- 4 Closing
- 5 More Giving!

Get started today. Visit ncfgiving.com/california or call 949.263.0820.

QUESTIONS FOR DISCUSSION AND CUSTOM ILLUSTRATION

How long have you owned the real estate?

What would you estimate to be your cost basis?

What would you estimate to be the fair market value?

What has been the historical use of the property?

Is there any debt associated with the property? If so, how old?

Do you receive any income from the property?

Has an environmental report been completed in the past (if non-residential property)?

Is there a binding contract of sale on the property?

Do you pay Net Investment Income Tax (NIIT) also known as the Medicare surcharge?

A CLOSER LOOK AT THE TABLE ON PAGE 1

The table below is a duplicate of the one on the first page of this document, along with various assumptions and explanations of the gift of real estate to provide more context. NCF does not provide tax or legal advice. The calculations shown are for illustrative purposes only, and include assumptions that may not apply to your specific facts and circumstances. Thus, there is no assurance the savings depicted in the illustration can or will be achieved. Consult with your professional and/or tax advisors prior to entering into any gift arrangement.

	Sell then Give	Give then Sell
<p>Taxes</p> <ul style="list-style-type: none"> Sell, then Give: You sell the property first, triggering a long-term capital gains tax and NIIT of \$259,200. $28.8\% (20\% \text{ federal} + 5\% \text{ state} + 3.8\% \text{ NIIT}) \times \\$900\text{k} (\\$1\text{M sale price} - \\$100\text{k cost basis}) = \\$259,200$. Give, then Sell: Since NCF (a non-profit) owns the asset at the time of sale, no capital gains tax is owed. 	\$259,200	\$0
<p>Income Taxes Saved</p> <ul style="list-style-type: none"> Sell, then Give: $44.6\% (39.6\% \text{ federal} + 5\% \text{ state}) \times \\$740,800 \text{ deduction} = \\$330,397$ in income taxes saved. Give, then Sell: $44.6\% (39.6\% \text{ federal} + 5\% \text{ state}) \times \\$1\text{M deduction} = \\$446,000$ in income taxes saved (assumes full deduction can be taken against ordinary income). 	\$330,397	\$446,000
<p>Total Tax Benefit</p> <ul style="list-style-type: none"> Sell, then Give: \$259,200 in capital gains tax and NIIT owed and paid. $\\$330,397$ in income taxes saved = $\\$330,397$ in total tax benefit. Give, then Sell: \$259,200 in capital gains tax and NIIT reduced to \$0 plus $\\$446\text{k}$ in income taxes saved = $\\$705,200$ in total tax benefit. 	\$330,397	\$705,200
<p>Giving</p> <ul style="list-style-type: none"> Sell, then Give: Only \$740,800 goes to Giving since you're giving from the after-tax proceeds ($\\$1\text{M} - \\225k in capital gains - $\\$34,200$ NIIT). Give, then Sell: The full \$1M goes to Giving since NCF pays no capital gains tax or NIIT on the gifted portion as a public charity. 	\$740,800	\$1,000,000

As a result of giving assets vs giving cash, **\$259,200 MORE** would go to your favorite ministries.

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