

Keys to Effective Charitable Giving

GIFTS OF APPRECIATED REAL ESTATE

“For from time to time those who owned land or houses sold them, brought the money from the sales and put it at the apostles’ feet, and it was distributed to anyone who had need. Joseph, a Levite from Cyprus, whom the apostles called Barnabas (which means ‘son of encouragement’), sold a field he owned and brought the money and put it at the apostles’ feet” (Acts 4:34b-37, New International Version).

Since the Book of Acts and the early church, gifts of real estate have been used to fund the ministry. If led, many Christ-followers today could also give real estate to advance the Lord’s work. Gifts of appreciated, unencumbered real estate, when owned for more than one year, can provide additional tax advantages to the donor, as well as help fund reaching the world for Christ.

If you have rental property, commercial property, vacation property, a second home, or land that you are not using or are tired of caring for, giving it may be an ideal way to support the work of Jesus Film Project®. By giving real estate (or an undivided interest in a percentage of the property) to ministry, you receive an immediate tax deduction for the appraised fair market value of the gift, you avoid paying any capital gains tax on the gift, and you can remove the property from your estate for probate and estate tax purposes.

Often people are ready to avoid the care, maintenance and/or expense involved in owning real estate. If you also have a vision for providing funds to reach the world for Christ, giving the



real estate may help you reach both goals. Jesus Film Project and our Cru® Foundation can and will help you transfer the property to the ministry, provide a charitable gift receipt for the fair market value, sell the property, and use the funds to accelerate the work of evangelism, discipleship, and church planting worldwide.

Advantages to Giving Real Estate to Jesus Film Project® through Cru® Foundation

- 1.** 100% of your contribution goes to ministry. Capital gains taxes are not levied. The government encourages generosity by waving the tax when you donate appreciated assets like real estate.
- 2.** The gift is cost-effective. The appraised value of your gift is eligible for an income tax deduction.
- 3.** You have flexibility and control. You can donate any percentage of the asset you choose.
- 4.** The transactions are hands-free. The ministry takes over the management of the property.

We will:

- Take over the regular maintenance of the property until it sold.
- Relieve you of further expenses by paying them and deducting them from the proceeds.
- Work with a local realtor to get the most for the property in the quickest period of time.

Frequently Asked Questions:

Why would I not just sell the property and donate the proceeds to the ministry myself?

Often there are significant tax advantages for you by giving the real estate itself [all or a portion*] up-front. In this case, you save on taxes and the ministry receives a larger gift than if you had sold the real estate outright and then donated the net proceeds.

For example:

Mike and Pam McCord purchased a home for \$400,000. That home after 15 years is now worth \$1 million, creating a long-term capital gain of \$600,000.

A. McCords sell the property and donate the proceeds.

* Capital Gains Tax - \$148,000

* Proceeds to Ministry - \$857,200

B. McCords donate the property directly to the Cru® Foundation

* Capital Gains Tax - \$0

* Proceeds to Ministry - \$1 million

The Result: An additional \$148,000 can now go to reaching people with the gospel.

How much can I take for a charitable donation?

You should always first consult with your tax advisor, but generally you can take the fair market

*Gifting a portion of Real Estate in a "Gift and Sale" agreement can be structured in a way to significantly minimize the taxes that you otherwise would pay and still enable you to retain a share of the principal.

value (FMV) of the property as substantiated by a qualified appraisal.

How much out-of-pocket expense will I have if I donate real estate?

Very little or none. There is a possibility that even the closing costs can be taken out of the proceeds of the sale of the property.

Why have I not heard more about donating real estate?

Oftentimes, charitable organizations simply lack the in-house expertise or are afraid of potential liabilities. Jesus Film Project® and Cru® Foundation have the trained staff with extensive real estate experience.

How quickly can the donation be completed?

Generally, fairly quickly. It depends on the complexity of the situation. Our due diligence process often can be expedited. Our goal is 45 days.

How can I give real estate?

There are several ways you can give. You can make an outright gift now, give through your estate or give through a charitable trust.

Through a charitable remainder trust, you can sell the real estate within the trust, avoid capital gains tax, invest the whole amount tax-free, pay life income to you and your spouse, then provide a legacy to reach future generations for Christ.

Through a life estate, you live in your home after you've given final interest to Jesus Film Project®. You can choose to continue living in your home, or opt to receive income from your farm or other real estate property. Only after death will the property fully pass to the ministry. You will receive an immediate income tax deduction for the present value of the ministry's future right to receive the property.

The information above is for general education and not professional tax or legal advice. Please contact a professional tax advisor about your specific situation.