Charitable gifts of real estate allow an individual to convert a highly appreciated asset like a house they no longer use, vacation home, or land into a charitable gift that not only creates a meaningful legacy, but also can significantly reduce capital gains taxes and other financial burdens.*

*Donors should consult with their own tax and financial professionals to determine the benefits specific to their individual situation.

How does it work?

- The donor makes a tax-deductible gift, transferring ownership of the property or a portion thereof to the Community Foundation of Snohomish County.

- The Community Foundation sells the property at fair market value. Because the Foundation is a 501(c)3 nonprofit organization, we pay no capital gains tax on the sale.

- The Community Foundation uses the proceeds of the sale to meet charitable goals as stated by the donor. Options include creating a donor advised fund, supporting the Foundation's work in the community, or contributing to one of our Community Impact Funds in a specific charitable area of interest.

Here's a (fictional) example:

- Lorraine volunteers at her local library and regularly attends the symphony with her granddaughter.
- Lorraine owns a beach house that she rarely uses. She is tired of dealing with the maintenance, taxes and insurance costs associated with this property. She wants to sell the property but is worried about the capital gains tax associated with such a sale.

Client opportunity:

- Lorraine donates the beach house to the Community Foundation. She receives an income tax deduction for the FMV of the property. Because this is a donation, not a sale, Lorraine does not pay capital gains tax on the property.
- The Community Foundation sells the property, but does not pay capital gains tax because it is a 501©3 nonprofit charity.
- The proceeds of this sale are invested by the Community Foundation and used to create a donor advised fund for Lorraine.
- Lorraine uses the fund to make grants to both the symphony and the library every year.

For more information about gift options, contact us at elena@cf-sc.org or (425) 212-4056