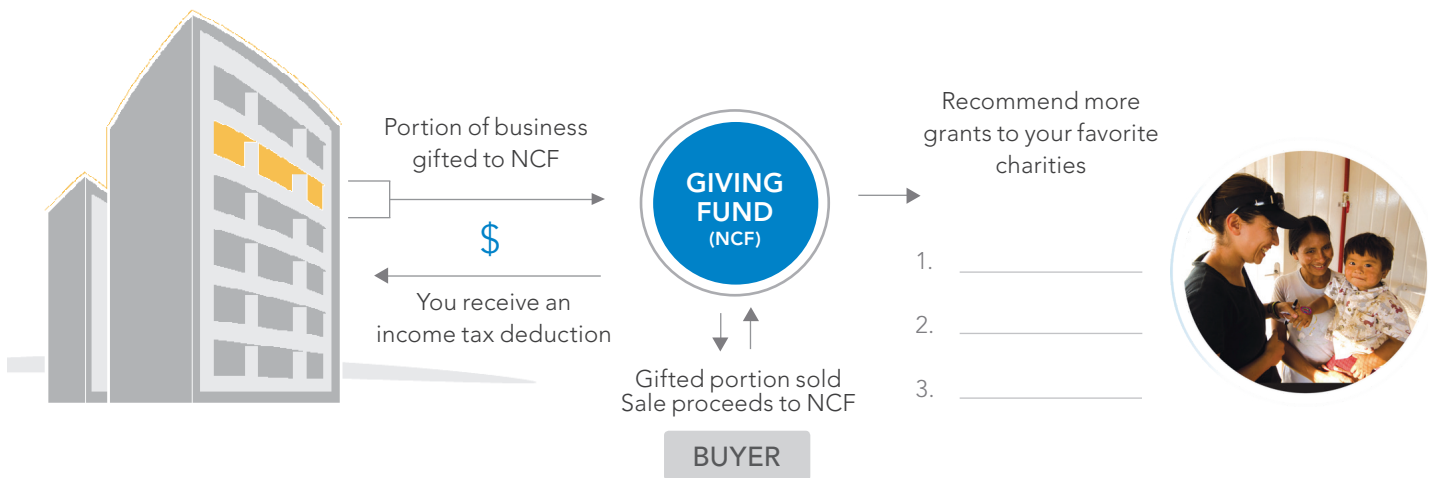


MAXIMIZE YOUR SALE TO MULTIPLY YOUR GIVING

Helping entrepreneurs maximize Kingdom investing by giving before the sale

Only a select group of entrepreneurs ever have the opportunity to sell their successful company for a sizeable gain. Many of these business owners have a heart to give charitably, but don't know where to turn for wise counsel in the midst of a liquidity event. National Christian Foundation (NCF) has an innovative solution that allows you to donate a non-voting interest in your business to us right before the sale, receive a substantial tax deduction, reduce or eliminate capital gains taxes on the gifted interest, and convert those tax dollars into more giving for your favorite ministries.



THE BENEFITS OF GIVING BEFORE THE SALE

- Maximize your liquidity event by preserving the full fair market value of the gifted asset for Kingdom investing
- Avoid or reduce capital gains taxes on the gifted portion, 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 via a larger charitable deduction, increasing cash flow

THE RESULTS OF GIVING BEFORE THE SALE

This table shows the impact of giving a 20% non-voting interest in a \$5M C-corp (with a \$100,000 cost basis) prior to the sale.

| | Sell then Give | Give then Sell |
|--------------------|----------------|----------------|
| Capital Gains Tax | \$980,000 | \$784,000 |
| Income Taxes Saved | \$321,600 | \$400,000 |
| Net Taxes Owed | \$658,400 | \$384,000 |
| Giving | \$804,000 | \$1,000,000 |

As a result of giving assets vs. giving cash, over **\$196,000 MORE** would go to your favorite ministries while increasing net cash flow by \$78,400 for more giving, saving, or investing!

A FIVE-STEP PROCESS FOR MORE GIVING

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

Get started today. Visit nationalchristian.com/wisconsin or call 262.796.9910.

QUESTIONS FOR DISCUSSION AND CUSTOM ILLUSTRATION

How long have you owned the business?

What would you estimate to be your cost basis?

What would you estimate to be the fair market value?

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

Does the business own any "hot assets" such as unrealized receivables?

Is there a binding contract of sale on the business?

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 business interest (C-corp stock) to provide more context. Note: The tables shown are for illustration purposes only and include assumptions on tax rates, business types, and structure which may or may not apply to you, so there is no assurance that the savings depicted can or will be achieved. Consult with your attorney, financial advisor, and/or tax advisor to analyze your particular situation before proceeding.

| | Sell then Give | Give then Sell |
|---|----------------|----------------|
| Capital Gains Tax <ul style="list-style-type: none"> Sell, then Give: You sell the business first, triggering a long-term capital gains tax of \$980k. $20\% (15\% \text{ federal} + 5\% \text{ state}) \times \\$4.9\text{M} (\\$5\text{M sale price} - \\$100\text{k cost basis}) = \\980k Give, then Sell: Since NCF (a non-profit) owns the asset at the time of sale, no capital gains tax are owed on the \$1M gifted portion (assumes C-corp; if S-corp, capital gains would be reduced but not eliminated). So $\\$5\text{M asset} - \\$1\text{M gift} - \\$80\text{k remaining cost basis} = \text{personal gain of } \\$3,920,000 \times 20\% \text{ capital gains rate} = \\784k. | \$980,000 | \$784,000 |
| Income Taxes Saved <ul style="list-style-type: none"> Sell, then Give: $40\% (35\% \text{ federal} + 5\% \text{ state}) \times \\$804\text{k deduction} = \\$321,600$ in income taxes saved Give, then Sell: $40\% (35\% \text{ federal} + 5\% \text{ state}) \times \\$1\text{M deduction} = \\$400\text{k}$ (assumes full deduction can be taken based on AGI) | \$321,600 | \$400,000 |
| Net Taxes Owed <ul style="list-style-type: none"> Sell, then Give: \$980k in capital gains tax owed offset by \$321,600 in income taxes saved = \$658,400 in net taxes owed on the sale Give, then Sell: \$784k in capital gains tax owed offset by \$400,000 in income taxes saved = \$384,400 in net taxes owed on the sale | \$658,400 | \$384,000 |
| Giving <ul style="list-style-type: none"> Sell, then Give: Only \$804k goes to Giving since you're giving from the after-tax proceeds ($\\$5\text{M FMV} - \\$980\text{k cap gains} = \\$4,020,000 \times 20\%$ gifted portion) Give, then Sell: The full \$1M goes to Giving since NCF pays no capital gains tax on the gifted portion as a public charity | \$804,000 | \$1,000,000 |

As a result of giving assets vs giving cash, over **\$196,000 MORE** would go to your favorite ministries.

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