



CHARITABLE “BARGAIN” SALE SCENARIO

A Bargain Sale is part gift and part sale. With a bargain sale, St. Vincent Healthcare Foundation becomes owner of the property and assumes financial obligations for the property, i.e. broker’s commission. The donor may receive a federal charitable income tax deduction and a Montana tax credit on the gift portion of the property as well as benefit the charitable healthcare ministry of St. Vincent Healthcare*.

Estimated Fair Market Value**	\$275,000
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Outright Sale of Property	
Outright Sale	\$275,000
Less Broker’s fee and other costs on outright sale (6%)	-16,500
Total Cost of Outright Sale	\$258,500

Charitable “Bargain” Sale	
SVH Foundation Purchase Price	\$210,000
<i>\$65,000 charitable deduction</i>	
Estimated federal tax savings on \$65,000 gift (35% tax rate; tax may be spread over 5 years)	+ 22,750
Montana Tax Credit (<i>40% of gift not to exceed \$10,000 per donor. Ends 12/31/07</i>) ***	+ 20,000
Total Income and Estimated Tax Savings to Donor	\$252,750

* A \$50,000 permanent endowment **NAMED FUND** will be established with earnings designated annually to carry out the charitable purpose of the endowment. This fund will remain in place forever. \$15,000 from the charitable portion will be designated to Foundation operations to cover handling and sales costs.

** Based on an independent qualified appraisal, as required by the I.R.S..

*** To receive the Montana Tax Credit for Endowed Philanthropy, a Deferred Gift Annuity Agreement will be established with \$50,000 of the gift portion. Tax savings will be slightly less than this example because reduced tax reduces cross deduction of income taxes between the federal and Montana income tax returns. It is important for you to speak with your financial advisors as to your specific situation.