



# REAL ESTATE DONATION PROGRAM

When nonprofits are given real estate, it may be so out of the ordinary that they are unsure how to facilitate the donation. Due to this uncertainty, this option may not be encouraged in planned giving conversations. Foundations, hospitals, and universities, receive real estate donations often, but occasionally, these are complex properties. Since real estate is not their primary focus, working through these properties can be time-consuming, expensive, and detracts from other mission work. Sometimes organizations will quickly sell the property at under market value, receiving fewer financial resources than the property's potential value. There is significant untapped potential from real estate donations.

## SHARING CONNEXION IS HERE TO HELP!



# HOW WE CAN HELP

## KNOW THAT YOU ARE IN GOOD HANDS.

Sharing Connexion's Founder and Board President, Ed Anderson, established and remains the CEO of Connexion Asset Group, a for-profit real estate investment firm. Since inception, Connexion Asset Group has owned or managed over \$1 Billion in real estate assets, including 5 million square feet of commercial space and over 5,000 multi-family units. Sharing Connexion's Board of Directors and Advisory Board were formed with other real estate professionals who have extensive expertise and a complimentary desire to give back. With the Board of Directors' combined 230+ years in real estate experience (and the Advisory Board's 1,000+ years), the organization is highly equipped to serve the charitable community. See the last page to view a list of our board and advisory board members.

## FEEL GOOD ABOUT COSTS SPENT.

By outsourcing real estate donation services, nonprofits do not have to dedicate their own funds to valuable overhead and administrative costs, distracting employees from mission-oriented work or other fundraising activities. To solve complicated property issues, you want to make sure any funds spent are efficient and help build revenue. Knowing Sharing Connexion's years of expertise, you can rest easy that improvement funds are spent efficiently, building from a history and experience of real estate performance and gains. Also, we intentionally do not operate on a fee structure. Instead, Sharing Connexion will receive a minimal 10% allocation of net proceeds, which will go toward our restricted Capital fund, designated for our programs (investments in affordable housing and other nonprofits). You can learn more about our programs online. We keep our overhead low, fundraising for operational costs, and using pro bono volunteer time from our incredible board.

## UNDERSTAND OUR COMMITMENT TO SERVE.

We work alongside nonprofits to help make real estate donations less complicated. With our expertise, we maximize the value of the property, thus growing their assets. Our goal is to support nonprofits in their development goals, building their resources and capacity to serve their missions. While we are holding your property and preparing it for resale, you can expect transparent and honest communications. As a fellow nonprofit, we understand the importance of building your resources, and we too live and breathe our mission: to provide affordable housing organizations and nonprofits with real estate expertise, funding, and preservation. The proceeds that go back to Sharing Connexion go directly to our Capital Fund, a mission-restricted fund which provides funding for our programs. To find out more about our values and what we do, please visit [sharingconnexion.org](http://sharingconnexion.org).



# OUR MODEL IN 5 STEPS

## 1. DONOR GIFTS REAL ESTATE TO NONPROFIT.

- There are many different vehicles for real estate donations (i.e. outright gifts, life or residual estates, bargain sales, donor advised funds, charitable remainder trusts, etc.) and many potential complexities (ex: debt, zoning violations, environmental contamination, liens on property, etc.). This can be confusing. Sharing Connexion is happy to consult on any real estate assets.
- In certain cases, donors ask for donees to hold property for 3 years to avoid IRS reporting requirements upon a disposition. In these cases, Sharing Connexion is willing to hold the property for a longer period.

## 2. NONPROFIT ENTERS INTO CONTRACT WITH SHARING CONNEXION.

- To mitigate a nonprofit's risk, Sharing Connexion will form a Limited Liability Company, which will take title to the real estate. This separates associated risks for both parties.
- Sharing Connexion will establish a deed restriction with the nonprofit outlining, insuring the interests of the Nonprofit.
- Sharing Connexion will create a unique Operating Plan, subject to the nonprofit's approval. This document contains all terms and conditions related to the donation, and outlines the operations and disposition of the property.

## 3. SHARING CONNEXION STABILIZES ASSET & PROVIDES NECESSARY UPFRONT IMPROVEMENT COSTS.

- Sharing Connexion will act as a property manager, and handle all insurance requirements, management issues, and property taxes. This makes Sharing Connexion, and not the nonprofit, responsible for any claims brought against the property.
- Financing and funding for property improvements is handled by Sharing Connexion. Proposed property improvements are meant to avoid risky behavior while identifying modest adjustments to maximize value. Updates are periodically provided to the nonprofit.

#### 4. SHARING CONNEXION PREPARES PROPERTY FOR RE-SALE AND COORDINATES THE SALE PROCESS.

- Sharing Connexion will work with a knowledgeable, local broker who knows the market.
- Sharing Connexion will report back any notable progress to the nonprofit (i.e. development or improvement status, offers, contracts, closing, etc.).

#### 5. SHARING CONNEXION DISTRIBUTES PROCEEDS AS FOLLOWS:

- Improvement costs are reimbursed to Sharing Connexion from sale proceeds, together with a 6% interest rate. Out of the remainder, 10% goes to Sharing Connexion's Capital Fund. 90% is distributed to our nonprofit partner.

### TRANSPARENT TRANSACTIONS

#### Gift

Date of Gift	1/1/2020
Agreed Upon Value	1,500,000

#### Improvements

Improvement Funds	200,000
Interest Rate	6%

#### Disposition

Date of Disposition	1/1/2022
Disposition Price (net of sales cost)	2,200,000

#### Disposition Proceeds

Improvement Funds	200,000
Interest	24,756
Remaining Proceeds	1,975,244

#### Allocation of Remaining Proceeds

Nonprofit Partner	1,777,720
Sharing Connexion Capital Fund	197,524

*NOTE: The numbers presented are hypothetical to show how proceeds would be allocated.*

Sharing Connexion will perform all customary due diligence prior to taking title to the property.

Sharing Connexion will provide anticipated budgets for required improvements and will provide updates through the final disposition of the property.

The 10% allocation that goes toward Sharing Connexion's mission restricted Capital Fund comes out of NET proceeds after funds are recuperated. Sharing Connexion does not require any fee-for-services.





## CASE STUDY

A prominent foundation was named as a testamentary beneficiary for a 25-acre property and home. Its original plan was to immediately sell the property, listing it for \$565,000. Upon discovering material code violations on the home, and in lieu of selling the property at a fire sale price, the foundation entered into an agreement with Sharing Connexion. Sharing Connexion took title to the donated property, subject to a deed of trust (lien) for the benefit of the foundation. This set a course to maximize the value of the property, and thus the initial donation. Sharing Connexion funded all required improvements, cleared code compliance issues with significant improvements, subdivided the property into four lots, constructed major road improvements and installed underground utilities. As of October 2019, the first lot sold for \$529,000 and a second lot is under contract at \$350,000. The remaining two lots are on the market for \$600,000. The result is estimated at \$1 million of net proceeds to the foundation – doubling the donor gift impact! Sharing Connexion will receive an estimated \$100,000 toward its Capital Fund for mission-driven programs.

## MORE ABOUT US

Formed as a 501(c)(3) public charity in 2015, Ed Anderson, the Chief Executive Officer of a for-profit real estate investment firm, founded Sharing Connexion Inc. Sharing Connexion exists to provide real estate resources, solutions, and support to nonprofits and affordable housing organizations.

- Sharing Connexion's Real Estate Donation Program assists nonprofits who receive or are designated to receive complex real estate donations. With expertise and financial backing, Sharing Connexion maximizes the value of the property, thus growing the assets of the partnering nonprofit.
- Through Real Estate Impact Investing, Sharing Connexion provides necessary funding to nonprofits and affordable housing organizations who are looking to build, develop and rehabilitate their properties but do not have access to capital or are looking for a competitive alternative to traditional banking.
- The Real Estate Rescue program aims to preserve nonprofit and community assets by making key short-term investments to save nonprofit spaces and affordable housing. With the ability to act quickly, Sharing Connexion can acquire property to ensure that nonprofits and housing projects are not displaced.

For more information about our team and what we do, visit [sharingconnexion.org](https://sharingconnexion.org).



## BOARD OF DIRECTORS

Ed Anderson - Chief Executive Officer, Connexion Asset Group

Diane Austin - Chief Financial Officer, Connexion Asset Group

Fred Baker - Principal, Baker Consulting Services

David Chasnow - Director of Acquisitions and Asset Management, Connexion Asset Group

John Daskam - Partner, Milgrom & Daskam

Stefanie Fox - Loan Officer, Colorado Enterprise Fund

Rob Gillis - Vice President, Prologis

Jim Mellor - Director of Business Development, Pinkard Construction

Daniel Sheehan, CCIM - Former Senior Vice President, Commerce Bank

## ADVISORY BOARD

Lawrence A. Adler, Esq.

Robert Bach, Esq.

Dr. Sandy Baker

Doug Bakke

Susan Birch

Alan Colussy

Ed Briscoe

Erik Estrada, Esq.

Jeff Hawks

Lance Jackson

Kevin Kelley

Mark Levine

Anthea Martin

William Martin, Esq.

Steve Musick

Robert F. Phelps, Jr.

Jeffrey Schmitz

John Shaw

Dr. Aris Sophocles

William Sorenson

Ray Stranske

Michael Van Gilder

John Wilson

Cleve Wolthram

Mike Zoellner

## CONTACT US

OPERATIONS DIRECTOR

EMILY NILSEN

303-205-6770

[enilsen@sharingconnexion.org](mailto:enilsen@sharingconnexion.org)

FOUNDER & BOARD PRESIDENT

ED ANDERSON

303-205-6760

[eanderson@sharingconnexion.org](mailto:eanderson@sharingconnexion.org)