

WALNUT COUNCIL FOUNDATION LAND AND/OR TREE GIFTS

Over their lifetimes, many Walnut Council members have spent countless hours on and given considerable tender, loving care, not to mention money, to their plantations and/or woodlands. To some, these trees are among their most valuable possessions. As many of us reach retirement age and beyond, we wonder what will happen to our cherished trees when we are gone. Some members have no children or close relatives to inherit these treasured areas. Others have children that live far away and/or have no interest in or true love for the wooded areas we love so much.

What can we do to assure our lifetime of work and love will not be sold off, and then perhaps destroyed by the next owner who almost certainly will not appreciate the plantation and/or woodland as we do? If these thoughts or this problem is one you think about and worry about, as we do, please consider a gift of such lands to the Walnut Council Foundation.

What can the Foundation do for you? If the Foundation accepts your gift, it will guarantee, by written agreement, that it will, with all good intention, properly and intensively manage your plantation and/or woodland until the primary crop is mature and harvested. The Walnut Council Foundation Board will create a Management Committee made up of qualified professionals who will prepare and execute a management plan to be followed on each property. The execution of the plan may be carried out by the Walnut Council state chapter at field days or special hands-on work days as a member education exercise. All such work not completed each year by such means will be completed by the Walnut Council Foundation hiring professionals under the supervision of an authorized local representative designated by the Management Committee. In summary, your plantation and/or woodland will be properly managed following a Management Plan until harvest at maturity. A plantation maturity harvest time-frame is obvious, while an all-age hardwood stand will have periodic sales with one sale usually larger. This larger than normal sale will be identified in the Management Plan.

After harvest, each property will be reviewed and evaluated by the Walnut Council Foundation Board to decide what is best for the future use and management.

For those Walnut Council members who wish to guarantee that their tree improvement work will not be lost or wasted, but carried on to the successful conclusion we dream about, the Foundation may be the answer to your prayers.

Common Questions Concerning Land and/or Tree Gifts to the Walnut Council Foundation, a 501(c) (3) Corporation

Q. First of all, what is a 501 (c) (3) corporation?

A. This designation means the corporation is “Not for Profit.” This tax status means most all gifts may be tax deductible. Your tax specialist (lawyer, accountant, financial planner, etc.) can answer this precisely since each gift and each person's financial status

will vary.

Q. Does this mean that if I give the Walnut Council Foundation my plantation or woods, I am guaranteed that it will be managed properly until harvest and I will also get tax deduction benefits?

A. Yes. Your tax advisor can detail your benefits for your situation.

Q. What does it mean that the Walnut Council Foundation will guarantee the grantor that the plantation and/or woodland will be properly and intensively managed until the primary crop is mature and harvested?

A. The Walnut Council Foundation will sign a binding contract which will agree to the above guarantee. If the Walnut Council Foundation cannot or might not be able to fulfill its contractual obligation, it will not accept the land gift.

Q. Does this mean that the Walnut Council Foundation may not accept my land gift?

A. If the Walnut Council Foundation cannot properly fulfill the management guarantee, it will not accept the land gift. Examples of such may be a very small and very young unmanaged plantation on a so-so site that will require a lot of work and costs to fix and maintain.

Q. In the above example, who will pay to manage the land gift?

A. For younger plantations or woods which will require considerable work and expense to properly manage, it is hoped that the grantor would also provide a fund restricted to the management of the land. For older well-managed land gifts which require minimum management expense, the local Walnut Council state chapter may be able to take care of management during a field day. Hiring consulting foresters and their trained crews is another option, and this is where a management fund would be necessary. Each potential land gift is different and will be handled on a case-by-case basis. The goal is to do what is best for the landowner and what is good for the Walnut Council Foundation. The entire gift giving process will be flexible in order to provide maximum benefits for all concerned.

Q. I have heard that in many cases land gifts to universities, state agencies, conservation organizations, etc. are usually not properly managed and in many cases sold soon after gifted to such an entity. Is this true?

A. This is true in many cases. Most such land gifts are never properly managed, and many are sold when the recipient needs cash for other purposes.

Q. If the Walnut Council Foundation accepts my land gift and we have a contract/agreement to properly manage and keep the property until harvest, can I go to my grave knowing my life's work will be properly taken care of?

A. Yes, that is the intent of the Walnut Council Foundation. To our knowledge, the Walnut Council Foundation is the only such organization that will guarantee in writing to properly manage gifted land following a Management Plan. It is the desire of the Foundation to keep the properties into perpetuity. The only exceptions would be events beyond control of the Walnut Council Foundation, such as tornadoes, ice storms, etc., condemnation, new Planning and Zoning or taxation problems, etc. This will be covered in the contract/agreement designed and agreed to for each gift. The Foundation must reserve the right to be able to make changes to meet any new challenges.

Q. Do I have to give the Walnut Council Foundation the whole farm or just the plantation and/or wooded areas?

A. Give what you are happy with; this is your land, your decision. Remember, the proper management contract/agreement guarantee will usually cover only the plantation or wooded areas. For example, if someone gives a 200-acre farm which includes 60 acres of plantations and woods, the 140 acres could be sold off at some point to fund student scholarships, research projects, seminars/workshops, etc. In many states, it would be possible to give outright ownership of the trees (timber) and a leasehold interest in the associated land. The leasehold interest would be terminated when the interest in the timber terminates. The Walnut Council Foundation is flexible and willing to discuss any and all proposals.

Q. I know the Walnut Council Foundation plans to be around a long time, hopefully forever. What if for some unknown reason the organization dies and disappears. What happens to my land gift?

A. In the up front signed contract/agreement, this possibility should be covered. Other future choices for the gift should be listed; for example, your state Land Grant College School of Natural Resources, your Department of Natural Resources Forestry Division, etc. Be sure the contract states your wishes, restrictions, etc., so the Walnut Council Foundation can determine whether to accept the gift, if offered. Presently there is a large 850 plus acre tract which a preservation organization accepted in the 1990s and cannot sell thus far. Restrictions included no buildings, no hunting, no harvesting, no roads or motorized vehicles, etc., thus no management. Consequently, no one wants it. The value of the gift for purposes of any charitable contribution deduction will be determined by appraised value of the gift. This will be the fair market value at the highest and best use only in the case of an outright transfer of a fee simple interest. Any restrictions, such as not being able to sell the timber and/or land prior to the occurrence of event specified in the deed will require a reduction in fair market value. Be reasonable and fair in your goals and be prepared to give and take. A good deal must be a good deal for both parties.

Q. One last question. If I understand the above information, I can gift my farm to the Walnut Council Foundation, immediately qualify for some tax benefits as determined by my tax advisor, and be guaranteed that my plantation/woodland areas will be properly managed until harvested. The Foundation may then keep or sell the land and could sell

any non-wooded areas at any time to finance worthwhile Foundation projects as agreed upon in the contract. Do I understand this correctly?

A. Yes. Good luck and we look forward to hearing from you and answering any questions you may have.

This article was written by Scott Brundage, Foundation Director. Contact us at Walnut Council Foundation, Wright Forestry Center, 1011 N. 725 West, West Lafayette IN 47906-9431. Phone: (765) 583-3501