

Community Health Training, Inc.

1340 W. Lambert Rd., #84
La Habra, CA 90631
(866) 279-0622

<http://www.CommunityHealthTraining.org>

A non-profit organization dedicated to bringing useful health information to the public for the improvement of personal emotional, medical, mental and spiritual health care.

November 8, 2006

Mr. John Q. Public
123 Anyname St.
My Town, CA, 99999

Dear Mr. Public,

We wish to thank you for the donation to Community Health Training, Inc. of your timeshare at Paradise Imagined Resort and Spa, Unit 223A for week 32 with the legal description of:

(Legal Description)

We have estimated the current valuation \$21,500 based on a majority of comparable units sold in the recent past. No goods or services were provided in exchange for your contribution.

We have include a copy of the information on Timeshare Valuation, the basis and reasoning for our valuation and a signed IRS form 8283 which you may need for your tax return.

Again, Thank you for your donation.

Sincerely,

Director

Timeshare Valuation

Important Note: *We are NOT licensed appraisers and this is NOT a licensed appraisal. It is for information purposes only. It follows the directions imposed by the IRS in what is to be included in an appraisal. In the event an appraisal is requested, this can be used to provide the license appraiser with an initial opinion of concept and content to help them in their activity.*

According to the IRS the following methods are used to determine valuation.

1. ***“The cost or selling price is a good indication of the property’s value if:
• The purchase or sale took place close to the valuation date in an open market,”***
This means that if your donated item is sold within 3 years, the amount received by the NPO is the amount of your donation. A \$20,000 timeshare sold for \$1,000 two years later only gets you \$1,000 in donation deductions. The initial credit will have to be amended to reflect additional income tax owed.
2. **Without a sale** to determine FMV the following three ways are described by the IRS:
 - A. ***“The sale prices of properties similar to the donated property are often important in determining the FMV.”*** (Based on:)
 1. The degree of similarity
 2. The time of sale close to the valuation time
 3. Circumstances of sale - whether it was at arm’s-length, coerced or between co-conspirators
 4. The condition of the general market (unusually flat or deflated)
 5. Notable by it’s absence is any consideration of original (resort) versus secondary seller (you) or the methods used for marketing
 - B. The value based on the income generation of the property. (Doesn’t apply.)
 - C. Replacement cost for a similar unit. - ***“... the amount it would cost to replace the donated item on the valuation date.”*** In all probability you would have to return to the resort to buy another unit.

Any appraiser basing value on a secondary market of unsalable properties is doing a disservice, if not a fraudulent appraisal. Appraisals are to be based on the above only. An offered price is NOT it’s final valuation. The vast majority of similar properties being sold on the open market and available for replacement are being sold by the resort. Saying the timeshare owner does not have the same ability to sell does not consider the creative seller who does more than simply put a sign on their front door, or on a web site and hope someone calls. Creative sellers can and often do sell their timeshares at or close to prices sold by resorts. Methods are available for such and can easily be demonstrated.

If you, as an owner, are required to provide a licensed appraisal, make sure the appraiser you contract with takes into consideration ALL units sold, including the resorts, in their

appraisal. According to the IRS, **“For each comparable sale, the appraisal must include the names of the buyer and seller, the deed book and page number, the date of and selling price, a property description, the amount and terms of mortgages, assessed value, the tax rate, and the assessor’s appraised FMV.”** Generally, true numbers are usually on resort sales for tax purposes. Low sales are often for “. . . \$1 and other good and valuable consideration” and are not applicable.

You need to read and become aware of IRS publications # 561, 557, and 526. These determine how you use donation credit for IRS purposes. For technical purposes, CHT has been recently reassigned as a 509(a)2 nonprofit corporation similar to a 501 (c)3. They both grant deduction credit to taxpayers. Be aware that unused credit can be carried over to the following years and deducted against future income. Another issue you must be aware of in the above publications is the threshold of \$5,000 deduction limit. That limit only states that any single deduction above that amount may require a licensed appraisal be presented to the IRS at their request. It is your responsibility to determine if you will claim what the NPO grants as deduction credit or reduce it to a lesser amount. You may wait until after you’ve obtained a licensed appraisal to make that decision. Again, read the publications and review your options of carryover credit. The website for these publications is: http://www.irs.gov/forms_pubs/forms.html . Review them with your accountant or tax preparer.

Comparable Sales and Valuation Estimate

To arrive at an estimate of the FMV, The following information was used. Information not available except by personal research of county written records was not available through normal means and is not included.

| | |
|--------------------------------|--|
| Property Description: | (legal description) |
| Original Purchase Price | \$21,500 |
| Original Purchase Date | March 4, 2001 |
| Assessed Value | \$19,475 |
| Assessor’s Appraised FMV | \$20,000 |
| Average # Resort Sales / 6 Mo. | 38 similar units |
| Average Resort Price | \$23,500 |
| Source of Information | Resort sales staff and county recorder’s office |
| Average # Other Sales / 6 Mo. | 3 |
| Average Other Sale Price | \$500 |
| Source of Information | County recorder’s office |
| Valuation Estimate | \$21,500 |
| Comments | Since the majority of recorded sales and the cost of replacement for a similar unit are all at or near the current resort price and the assessors valuation is in basic agreement with the resort valuation it is believed that the low number and valuation of the other sales is an aberration due to personal reasons of those sellers. The valuation is given based on the majority of above recordings. |

Noncash Charitable Contributions

▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**

▶ **See separate instructions.**

OMB No. 1545-0908

Attachment
 Sequence No. **155**

Name(s) shown on your income tax return

Identifying number

Note. Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A. Donated Property of \$5,000 or Less and Certain Publicly Traded Securities—List in this section **only** items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is more than \$5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

| 1 | (a) Name and address of the donee organization | (b) Description of donated property (For a donated vehicle, enter the year, make, model, condition, and mileage.) |
|---|--|--|
| A | | |
| B | | |
| C | | |
| D | | |
| E | | |

Note. If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

| | (c) Date of the contribution | (d) Date acquired by donor (mo., yr.) | (e) How acquired by donor | (f) Donor's cost or adjusted basis | (g) Fair market value (see instructions) | (h) Method used to determine the fair market value |
|---|------------------------------|---------------------------------------|---------------------------|------------------------------------|--|--|
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |
| D | | | | | | |
| E | | | | | | |

Part II Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest ▶ _____ . If Part II applies to more than one property, attach a separate statement.

b Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ _____ .
(2) For any prior tax years ▶ _____ .

c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept ▶ _____

e Name of any person, other than the donee organization, having actual possession of the property ▶ _____

3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?

| | Yes | No |
|--|--------------------------|--------------------------|
| | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> |

b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?

c Is there a restriction limiting the donated property for a particular use?

| | |
|---|--------------------|
| Name(s) shown on your income tax return | Identifying number |
|---|--------------------|

Section B. Donated Property Over \$5,000 (Except Certain Publicly Traded Securities)—List in this section only items (or groups of similar items) for which you claimed a deduction of more than \$5,000 per item or group (except contributions of certain publicly traded securities reported in Section A). An appraisal is generally required for property listed in Section B (see instructions).

Part I Information on Donated Property—To be completed by the taxpayer and/or the appraiser.

4 Check the box that describes the type of property donated:

- | | | |
|--|--|-------------------------------------|
| <input type="checkbox"/> Art* (contribution of \$20,000 or more) | <input type="checkbox"/> Qualified Conservation Contribution | <input type="checkbox"/> Equipment |
| <input type="checkbox"/> Art* (contribution of less than \$20,000) | <input type="checkbox"/> Other Real Estate | <input type="checkbox"/> Securities |
| <input type="checkbox"/> Collectibles** | <input type="checkbox"/> Intellectual Property | <input type="checkbox"/> Other |

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Collectibles include coins, stamps, books, games, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. If your total art contribution was \$20,000 or more, you must attach a complete copy of the signed appraisal. If your deduction for any donated property was more than \$500,000, you must attach a qualified appraisal of the property. See instructions.

| 5 | (a) Description of donated property (if you need more space, attach a separate statement) | (b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift | (c) Appraised fair market value |
|---|---|--|---------------------------------|
| A | | | |
| B | | | |
| C | | | |
| D | | | |

| 6 | (d) Date acquired by donor (mo., yr.) | (e) How acquired by donor | (f) Donor's cost or adjusted basis | (g) For bargain sales, enter amount received | See instructions | |
|---|---------------------------------------|---------------------------|------------------------------------|--|-----------------------------------|---|
| | | | | | (h) Amount claimed as a deduction | (i) Average trading price of securities |
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |
| D | | | | | | |

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ➤ _____

Signature of taxpayer (donor) ➤ _____ Date ➤ _____

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in this qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Sign Here | Signature ➤ _____ Title ➤ _____ Date ➤ _____

| | |
|--|--------------------|
| Business address (including room or suite no.) | Identifying number |
|--|--------------------|

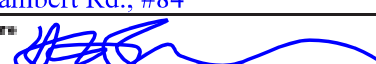
City or town, state, and ZIP code

Part IV Donee Acknowledgment—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ➤ November 4, 2006

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ➤ Yes No

| | |
|---|--|
| Name of charitable organization (donee) <u>Community Health Training, Inc.</u> | Employer identification number <u>88-8776666</u> |
| Address (number, street, and room or suite no.) <u>1340 W. Lambert Rd., #84</u> | City or town, state, and ZIP code <u>La Habra, CA 90631</u> |
| Authorized signature  | Title <u>Director</u> |
| | Date <u>November 6, 2006</u> |