Whitman College Farms
Estate Planning for Farm Families
Since Whitman College founder Cushing Eells gave part of his Waiilatpu farm to the young college more than a century ago, farms have been an important source of support for Whitman. In turn, Whitman has contributed to the agricultural bounty of the region and extended the legacy of family farms through its prudent management of donated farm properties.

Today the college holds farms in two ways. First, it actually owns some farms as investments of the college’s earning endowments, which support operating costs of the college. Second, the college holds other farms through trusts that pay the income from the farms, or the proceeds from the sale of the land, to living donors or their heirs. In some cases, donors have given title to their farms to the college but have continued operating them throughout their lifetimes.

Currently the college owns farms in Walla Walla, Columbia, Umatilla and Garfield counties. In every case, the farms held by Whitman today came to the college as gifts from farmers. These donors have felt the satisfaction of helping young people receive an excellent education, while knowing that their land would continue to be cultivated. In addition, donors have received important tax and financial management benefits.

Whitman College also is interested in gifts of timberland, orchards, ranches or cattle — all of which can be used to support student scholarships, faculty research or other academic priorities.
The operation of Whitman farms is a remarkable story in itself. For many decades, leading farmers of the region, both alumni and non-alumni, have donated vast amounts of time and talent to the highly successful operation of these farms. The volunteer members of the Farm Committee, working with the treasurer of the college, select tenants to manage the various properties and then maintain close relationships with the tenants throughout each year. Several tenants and their descendants have operated college farms for generations.

The Farm Committee manages a total of 15 farms and nearly 22,000 acres in four counties. Over the last six years, the farms have produced an average of almost $700,000 of income per year for the college’s operating budget. Although a non-profit organization, the college must pay property taxes to local counties, which amounted to almost $70,000 in 2006. The Farm Committee’s effective stewardship and responsible management assure the farm community that Whitman farms will be producing abundant crops for many generations to come.
In the mid-1950s, Nathaniel Usher found himself widowed, childless, and the owner of a 1,000-acre farm near Dayton. To Usher, the income Whitman College would pay him if he gave the farm to the college, combined with the tax benefit he would receive, was far more valuable than his income from the farm.

Usher had no personal connection to Whitman, but for a number of years he maintained a business relationship with Clarence Braden, chairman of the college’s Farm Committee. Braden owned a local Caterpillar dealership, and in those days he still took horses and mules as trade-ins. Braden explained the benefits of a gift to Whitman, and Usher didn’t need much convincing.

Usher gave his farm to the college and he retained the income from the farm until his death. Dick Young farmed it as Usher’s tenant beginning in the 1930s, before his son, George Young, farmed the land for the college for a number of years.

A lot has changed since the 1950s, but the tax laws governing the benefits of making a gift of farmland to Whitman College remain almost unchanged. A farmland owner who gives property to the college can retain income from the farm for the rest of his or her life, qualify for a charitable deduction, and, because of the charitable nature of the transaction, avoid capital gains tax. Or, the owner might give the farmland with the expectation that Whitman will sell it — in such cases, income to the donor likely will be higher, and the tax benefits will remain.
Joe and Mary own a 1,000-acre farm they bought for $300,000 in 1965. The farm is now worth $2 million and, if sold, they would have to pay $255,000 in capital gains taxes. Their net sale proceeds of $1.745 million could provide them with a $104,700 income per year if placed in secure, income-producing investments. They would like to make a significant gift to Whitman, but need the value of the farm contributing to their retirement income. A Whitman Life Income Agreement can accomplish both goals at once.

Joe and Mary have the farm appraised and deed it to the college via a charitable trust at the $2 million fair market value. They then receive a 5 percent payout for their lifetimes. If the principal is invested to earn a conservative 8 percent total return and Joe and Mary only live for their actuarial lifetimes of 20 years, they will receive $2.7 million, an average annual income of $135,017. If they live longer they will receive even more. Also, they avoid all the capital gains tax at the time of the gift and receive a charitable deduction of $849,580, which could save them up to $212,395 in income taxes.

When they die, the college will receive the remaining principal of about $3.703 million, which Joe and Mary decided should help Whitman students through a scholarship endowment named in honor of their parents. They create a total benefit of more than $6.4 million resulting from an original gift of $2 million.
Using the standard deduction makes it easier to fill out a tax return, but it can also eliminate the tax advantage of charitable contributions. Fortunately, there is a way to take the standard deduction and still use your charitable contributions to cut taxes — make your charitable contributions in unsold commodities rather than cash. For charitable gifts of grain or raised livestock, the costs of production are deductible as trade or business expenses under IRC §162. The result is a decrease in your taxable income.

To see whether this method will save you money, add up the eligible itemized deductions from Schedule A. If the sum is less than the standard deduction and you expect it to be the same this year, making a contribution in unsold commodities could cut your income tax by reducing your gross income.

Please consult with your professional tax advisers to determine if this is an appropriate gift option for you. If you have questions about this or any other planned giving options, call Jamie Kennedy ’96, director of planned giving, at (509) 527-5989.

To be eligible for this method:
• You must be an active farm producer.
• You have to be a cash-basis taxpayer.
• The charity you contribute to must sell the crop.
### Whitman College Farm Lands 2008

#### Whitman College Farm Lands Location Map

*Image showing a map of Walla Walla County with farms marked.*

#### Farm Location Table

<table>
<thead>
<tr>
<th>County</th>
<th>Total Acres</th>
<th>Tillable Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia</td>
<td>7,480</td>
<td>6,395</td>
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<tr>
<td>Garfield</td>
<td>962</td>
<td>800</td>
</tr>
<tr>
<td>Umatilla and Walla Walla</td>
<td>15,563</td>
<td>11,871</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,005</strong></td>
<td><strong>19,066</strong></td>
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</tbody>
</table>
Wind and wheat — a winning combination at the Braden farm.
Members of the Farm Committee and officers of the college invite your interest in the college farms’ operations and growth. Please feel free to speak with any member about the farms, or to express your interest in the possibility of becoming a part of this unique endeavor to support Whitman, the preservation of farm land, and family legacies of farming.

Whitman College Farm Committee members
As of March 2008

David Wyckoff ’67, Chair, Trustee
Bob Danforth
Dennis E. Davin ’56
Jack Fredrickson
Dwelley Jones ’74
Frank Lamb ’62
Don Lieuallen ’58
Alexander C. McGregor ’71, Vice Chair, Overseer
Walter Minnick ’64
Anne-Marie Zell Schwerin ’85, YWCA Representative

Mark S. Vogler ’74
Paul Webb ’40
Jerry Zahl

Ex-officio members
George S. Bridges, President, Whitman College
Peter Harvey ’84, Treasurer and Chief Financial Officer, (509) 527-5145
James K. Hayner, Trustee
Robert R. “Pete” Reid ’49, Assistant to the President, (509) 527-5746