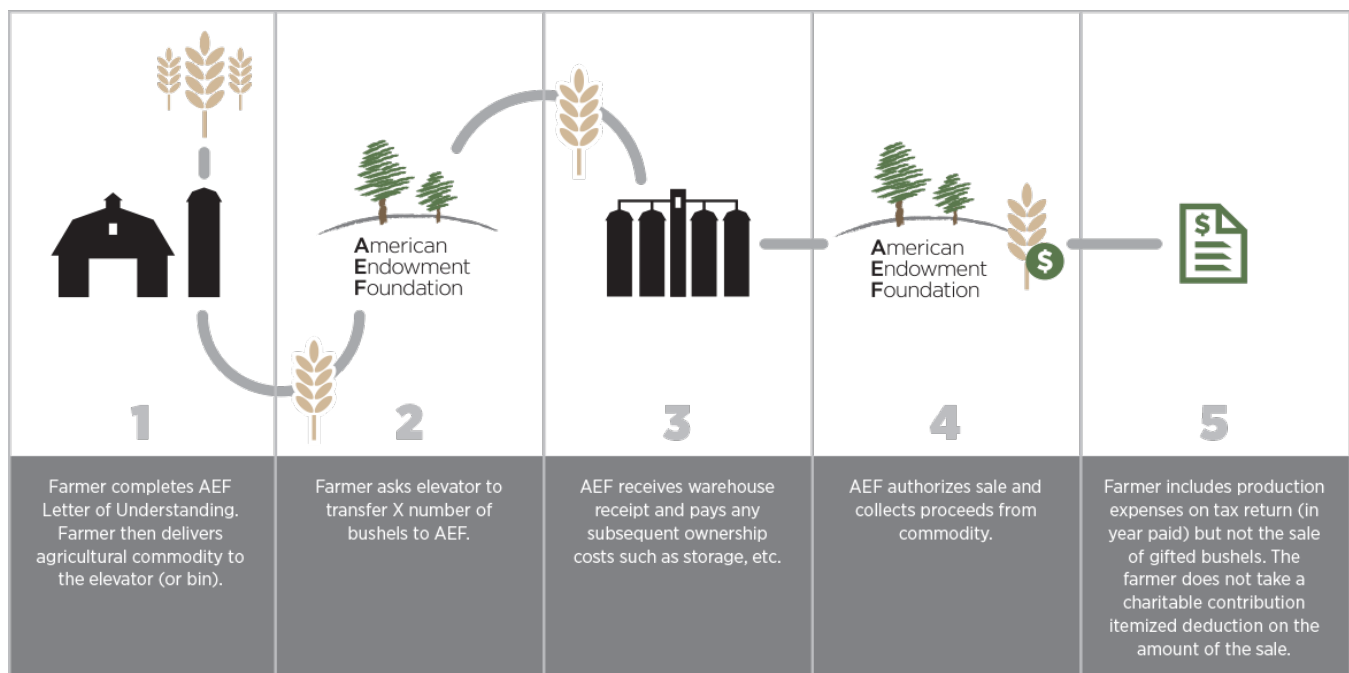


Guidelines for Gifts of Grain

A donor should always consult with their tax preparer to determine the tax implication prior to making a gift. The following is not to be construed as specific tax advice. These are guidelines to assist in the mechanics of making charitable gifts of agricultural commodities. The farmer would also need to complete the Letter of Understanding Requirements for Consideration and Acceptance of Crop Commodities.

HOW IT WORKS



- The farmer can exclude the sale of the cash crop from income and deduct the cost of growing the crop. There is no deduction for a charitable contribution.
- Available for cash basis farmers.
- Crop share landlords cannot gift grain. Shares of crop are rental income that must be reported as income on their tax return.
- The farmer must give up “dominion and control” of the commodity.
- The farmer cannot sell the grain and order the proceeds to be sent to the charity. This would result in the transaction being considered a cash sale and cash donation since the farmer has not given up control of the property.
- The farmer should not provide guidance to the charity regarding the sale of the commodity.
- The charity assumes the risk after the transfer. These risks include storage, transportation and marketing costs as well as price risk.
- The transaction must be well documented to show the charity as the owner (i.e. commodity is delivered and a warehouse receipt executed to the charity, or notarized letter of transfer for crops stored on the farm).
- The gift should be from unsold crop inventory. No sale commitment should be made prior to the gift.