



## Additional Questions

Can a crop sharing arrangement benefit from this technique?

No, shares of crop are considered rental income and must be reported as such.

Can I store the grain on my farm, not deliver it to an elevator, and still make a gift to the Community Foundation?

Yes, you should prepare a notarized letter of grain transfer to the community foundation in place of the elevator's warehouse receipt.

Can farm C-corporations benefit in the same way as the farmer who is a sole proprietor?

The benefits described in this brochure apply to calendar year-cash basis sole proprietorships. C-corporations are not treated the same way from a tax perspective. Ask your tax professional to see if your farm operation can benefit from a charitable gift.

Will the gifted grain count as income in government payments limitation caps?

No, the gift of grain won't count as income in your government payments limitation caps calculation.

## You can help grow the future.

The Butler County Community Foundation is a leading voice and catalyst for connecting donors, nonprofit organizations, professional advisors, community leaders and other partners to inspire charitable giving and improve the quality of life in communities across the state.

We work directly with donors and nonprofit organizations to educate them about issues affecting their communities and offer support for their charitable goals.

Due to the generosity and vision of all our donors, the Community Foundation is able to build a stronger, healthier county today, and in the future. We will continue working for our donors and the communities we serve with visionary leadership, effective grantmaking and endowment building services.



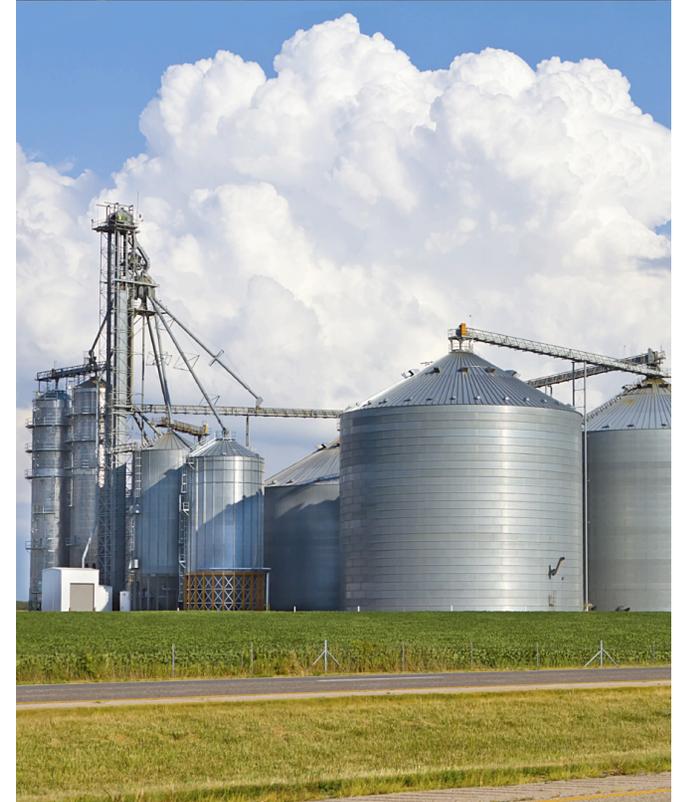
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Confirmed in Compliance with National Standards  
for U.S. Community Foundations

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# Giving a Gift of Grain

Growing the Future with the  
Butler County Community Foundation



*here for good.*

## Growing the future with the Butler County Community Foundation

Your crops are your livelihood, your life. You prepare, you plant, you nurture and it grows. That's what we do with the charitable gifts entrusted to the Butler County Community Foundation, and we invite you to grow the future of the county with us.

## Why Donate Grain to the Community Foundation?

Donating a gift of grain to the Community Foundation is a simple way to make a lasting difference. The value of the grain can be used to start an endowed fund in the name of you or your family, for a specific nonprofit organization important to you or support the overall charitable causes in your community. Your gift may be eligible for a **25% Endow Iowa Tax Credit**. No matter what type of endowment fund you choose to establish or support, you can be sure that your gift of grain is growing the future of your community.

## How You Benefit

By giving grain to the Community Foundation, you avoid including the sale of the grain in your farm income. Although a charitable income tax deduction is generally not available to you, the avoidance of declaring it as income and the possibility of an Endow Iowa Tax Credit are significant benefits. You deduct the cost of growing the crops which typically results in saving self-employment tax, federal income tax and state income tax. (You can benefit even if you don't itemize your deductions and take the standard deduction.) A **25% Endow Iowa Tax Credit** may be available to you for gifts to a permanent endowment fund benefitting an Iowa charitable cause.

## How it Could Work

The Butler County Community Foundation invites you to donate a gift of grain that will benefit your community forever. Gifts may range in value. Below is example of how a gift of grain with a value of \$10,000 could benefit you:

	Without the Grain Gift	With the Grain Gift
Your other income from farming	\$35,000	\$35,000
Your income from grain sale	\$10,000	\$0
Total income*	\$45,000	\$35,000
25% Endow Iowa Tax Credit**	\$0	\$2,500

\*You pay employment, federal income & state income tax based on adjusted gross income (less typical exemptions, deductions, etc.).

\*\* Endow Iowa Tax Credits are possible for eligible gifts to permanent endowment funds at qualified community foundations.

**NOTE:** *Crops produced for sale in a farming operation are considered "ordinary income property." The deduction for a gift of ordinary income property to a charitable organization is limited to the lesser of fair market value or cost basis. Typically the cost basis has already been deducted from income as the costs of producing the crops; thereby commonly the cost basis is zero (0), making the gift, in effect, non-tax deductible.*

As each individual farmer's situation is different, you should consult your professional advisor for legal and tax advice on how a gift of grain to the Butler County Community Foundation may apply to your circumstances. Nothing in this brochure should be construed as providing you with legal or tax advice.

## How to Complete Your Gift

Following these specific steps will help ensure you receive intended tax benefits from a gift of grain. *NOTE: If you deliver the grain, sell it and order the proceeds sent to the Community Foundation, you won't be eligible for the tax benefits described in this brochure.*

1. Let the Community Foundation know of your intended gift of grain. The gift should be from unsold crop inventory with no sale commitment made prior to the gift.
2. The Community Foundation will set up an account at the elevator.
3. Deliver the grain to the elevator.
4. Transfer the grain as a gift to the Community Foundation by having the elevator send a warehouse storage receipt to us- the elevator's receipt must show the Community Foundation as the owner of the grain. (Avoid making a gift of an actual warehouse receipt; give the grain itself.)
5. We will provide you with a donation receipt for your gift (remember it is non-deductible on your taxes but may be eligible for the **25% Endow Iowa Tax Credit**). You don't have to declare this amount of grain as income to your farming operation.
6. After the gift, the Community Foundation is responsible for storing and/or transporting the grain and for the risk of loss.
7. You cannot control where or when the Community Foundation sells the grain to ensure you do not have dominion or control over the grain once the gift is made.
8. The Community Foundation will sell the grain and receive the sale proceeds. Any sales invoice will name the Community Foundation as the seller of the grain.