

Gift of Commodity Donation Form

Donor Name: _____

Donor Address: _____

City, State, Zip: _____

Donor Phone: _____

Donor Email: _____

Type of Donation: _____

Amount of Grain: _____

☐ I wish to transfer the above donation to benefit the
Adair County Fair Foundation, Greenfield, Iowa

Special Project: (optional) _____

Donor Signature: _____

Date _____

Grain Elevator _____

Elevator Phone: _____

Livestock _____

Livestock Phone _____

**Please send or fax this form along with the
appropriate documentation:**

Adair County Fair Foundation

% FNB Bank

PO Box 367

Fontanelle, Iowa 50846

641-745-2141 or 800-428-3423



HELPFUL TIPS FOR MAKING GIFTS OF COMMODITIES

1. **Timing.** Donate Commodities grown in a previous tax year to received maximum tax advantages. Make the donation early in the year so there is no question it was from prior year's harvest.
2. **Unsold Commodity.** The gift of grain should be from unsold crop inventory, with no prior sale commitment made prior to the gift. A farmer will gift the grain to the Adair County Fair Foundation and the Foundation will determine what to do with it and when to sell it.
3. **Physical Delivery.** Be certain the gift is a farm commodity, not a warehouse receipt, which could be considered a cash equivalent. The Adair County Fair Foundation must be able to demonstrate control and dominion over the gifted commodity.
4. **Retention of Control.** The farmer should provide no guidance in the transfer agreement as to the retention or sale of the gifted commodity.
5. **Documentation.** A properly executed warehouse receipt in the Adair County Fair Foundation's name or notarized letter of transfer for the crops stored on the farm is necessary. The original sales invoice must list the Foundation as the seller.
6. **Storage and Transportation Expenses.** After the transfer, the Foundation should assume the expense of storage, marketing, and transportation of the gifted commodity.



Give a Gift of Commodity

Adair County Fair Foundation

Mission is to provide education and facilities
for youth and community betterment.



DONATE GRAIN. SAVE MONEY.

Impact your Community ! How?

1. Deliver the grain to your local elevator
2. Ask them to provide a warehouse receipt showing the **Adair County Fair Foundation** as the owner
3. Contact the **Adair County Fair Foundation** let them know where the grain is stored
4. The **Adair County Fair Foundation** will then order the sale with the original sales invoice.

Many cash based farmers can receive a significant tax savings by donating crops grown in a previous tax year directly to the **Adair County Fair Foundation**.

TAX SAVING BENEFITS FOR DONATING GRAIN DIRECTLY

Charitable cash contributions are deductible only as an itemized deduction from adjusted gross income which results in reducing one's federal income tax. Many farmers opt to not itemize deductions due to the great increase in the standard deduction over the years.

There are a number of benefits for donating grain, or other crops, directly to the **Adair County Fair Foundation**:

- The cash basis farmer avoids including the sale of the cash crop in income, saving on the self-employment tax and federal income tax.
- The cash basis farmer can still deduct the cost of growing the donated crop as long as the crop is given in a different year than it was grown.

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GUIDELINES FOR DONATING CROPS

For the maximum tax benefit, cash farmers should donate crops grown in a previous fiscal year. For example, a calendar year farmer should donate fall-harvested crops early the following year.

Costs associated with the production, storage, and transportation of the grain paid in the same year the grain is donated is NOT deductible. Cash base farmers deduct costs in the year paid. If grain is given early in a future year, all the costs were likely paid in the prior year and remain deductible. The value of the grain is never included in income and the costs paid in the prior year remain deductible.

Costs associated with donated grain are not deductible if the grain is given in the same year the costs are paid. For example, if a farmer gave 5% of his crop directly out of the field in the fall, then 5% of his expenses that year are not deductible. In this instance, the tax benefit is only received on the difference between the value of the donated crop and the expenses. Therefore, to maximize tax benefits, storage should be paid before year end and grain should be given early the following fiscal year.

When donating grain, the farmer must make a charitable donation, giving up dominion and control of the asset donated. The traditional procedure of a farmer delivering, selling, and ordering sent directly to the charity is not legitimate. This transaction will be considered a cash sale and cash donation because the farmer did not give up control over the property.

Instead, the property (in this case the grain), should be delivered and a warehouse receipt showing the **Adair County Fair Foundation** as the owner should be implemented. The Foundation would then administer the sale of the property, with the original sales invoice displaying the Foundation as the seller.

The farmer should avoid advising the Foundation as to when to sell the grain, as it may be viewed by the IRS as retaining control of the property. After the transfer, the Foundation should assume the cost of storage, transportation, and marketing, as well as assume any risk of loss.



NECESSARY DOCUMENTATION

The **Adair County Fair Foundation** will retain necessary documents related to the donation of grain:

1. A warehouse receipt or storage ticket in the Foundation's name
2. The original sales invoice showing the Foundation as the seller.
3. If the grain is stored on a farm, a notarized letter of transfer can take the place of a warehouse receipt.

PROFESSIONAL ADVISORS

The **Adair County Fair Foundation** recommends the donating farmer consult with his or her professional tax or legal consultant to determine tax implications prior to making the gift due to rapidly changing tax laws.

CROP SHARE LANDLORDS

Shares of crop are categorized as rental income and must be included as reportable income by the landlord making the crop share landlord ineligible for maximum tax benefits for the gifting of grain.

