

Growing Your Community’s Future with Your Community Foundation

Your crops are your livelihood. You prepare, you plant, you nurture and they grow. That’s what we do with the charitable gifts entrusted to your Community Foundation, and we invite you to grow the future of your community with us.

Why Donate Grain?

Donating a gift of grain to your 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 your family, for a specific nonprofit organization important to you or to support charitable causes in your community. No matter what type of endowment you chose 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 your 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 is a significant benefit. 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.

How it Works

Your Community Foundation invites you to donate a gift of grain that will benefit your community forever.

Here is an example:

Income	Without the Charitable Gift	With the Charitable Gift
Other income from farming	\$35,000	\$35,000
Income from grain sale	\$15,000	\$0
Total Income*	\$50,000	\$35,000

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

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 farmer’s situation is different, you should consult your professional advisor for legal and tax advice on how a gift of grain to your 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. 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.
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.**



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 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. Corporations are not treated the same way from a tax perspective. Ask your tax professional to determine whether 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.

Your Community Foundation is a donor-driven public foundation whose purpose is to improve the quality of life in our communities through philanthropy.

The Community Foundation works to improve quality of life by connecting donors with their charitable passions, fostering links between community organizations and convening local leaders to promote the common good.

Donors make a difference with the gifts they provide for charitable funds. These funds benefit the community forever and create lasting legacies. We provide expert advice, professional fund management, maximum tax savings and strong connections for our donors and local charitable organizations.

We invite you to join in giving back, getting connected and building a better community.

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

*Disclaimer: The content included in this brochure is for informational purposes only and does not constitute legal or tax advice. Please consult your professional advisor for legal and tax advice specific to your situation.

Giving a Gift of Grain

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with Your Community Foundation



SERVING WEST CENTRAL ILLINOIS & NORTHEAST MISSOURI