

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 are NOT deductible. Cash basis 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.

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 will not provide maximum tax benefits. 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 CMH 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 cannot advise 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.

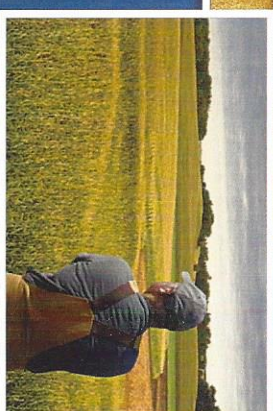
HELPFUL TIPS FOR MAKING GIFTS OF GRAIN

1. **Timing.** Donate grain grown in a previous tax year to receive maximum tax advantages. Make the donation early in the year so there is no question it was from a 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 CMH Foundation and the Foundation will determine what to do with it and when to sell.
3. **Physical Delivery.** Be certain the gift is a farm commodity, not a warehouse receipt, which could be considered cash equivalent. The CMH 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 CMH Foundation's name or a notarized letter of transfer for crops stored on the farm is necessary. The original sales invoice must list the CMH Foundation as the seller.
6. **Storage and Transportation Expenses.** After the transfer, the CMH Foundation should assume the expense of storage, marketing and transportation of the gifted commodity.



Caring for today. Preparing for tomorrow.

238 S Congress St - Rushville, IL 62681
PH: 217-248-7511 or 217-322-4321

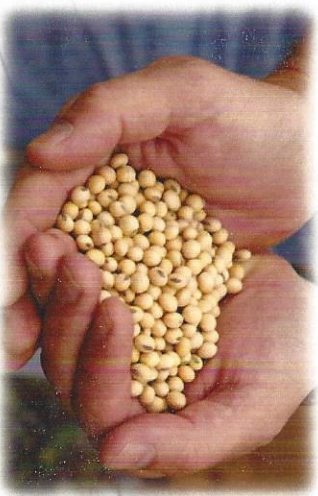


GIVE A GIFT OF GRAIN



FOUNDATION
Caring for today. Preparing for tomorrow.

The CMH Foundation will gratefully accept any amount of grain. No gift is too small.



For additional information on our CMH Foundation Give a Gift of Grain Program, please contact:

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 CMH Foundation
 238 S Congress Street
 Rushville, IL 62681
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 Fax: 217-322-3016
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 Or Call CMH at 217-322-4321



DONATE GRAIN. SAVE MONEY. IMPACT HEALTHCARE. HOW?

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

Many cash basis farmers can receive a significant tax savings by donating crops grown in a previous tax year directly to the CMH Foundation. Your donation will help more patients, expand facilities, acquire cutting-edge equipment and attract top medical professionals. **Your contribution remains in our community to benefit you, your family and your neighbors.**

TAX SAVING BENEFITS FOR DONATING GRAIN DIRECTLY

Properly structured charitable cash contributions are not included in income, which results in reducing one's federal income tax.

There are a number of benefits for donating grain, or other crops, directly to the CMH 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.



NECESSARY DOCUMENTATION

The CMH 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 CMH 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.

Established in 1995 as a 501 (c) (3) not-for-profit corporation, the CMH Foundation conducts various fundraising activities each year to improve the health and care of those served by Sarah D. Culbertson Memorial Hospital. All contributions are tax-deductible as allowed by law.