

## GIFT OF GRAIN DONATION FORM

Donor Name: \_\_\_\_\_

Donor Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Donor Phone Number: \_\_\_\_\_

Donor Email Address: \_\_\_\_\_

Type of Grain Donated: \_\_\_\_\_

Amount of Grain Donated: \_\_\_\_\_

I wish to transfer the above grain to benefit the  
Prairie Lakes Healthcare Foundation in Watertown,  
SD.

Special Designee (optional): \_\_\_\_\_

Donor Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Grain Elevator: \_\_\_\_\_

Elevator Phone Number: \_\_\_\_\_

**Please send or fax this form along with the appropriate documentation to:**  
Prairie Lakes Healthcare Foundation  
401 9th Avenue Northwest  
Watertown, SD 57201  
Phone: 605-882-7631  
Fax: 605-882-6740

**Message to grain elevator operators:**  
Please call the number above to create an account  
and set up grain disposition instructions.



## 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 Prairie Lakes Healthcare 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 Prairie Lakes Healthcare 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 Prairie Lakes Healthcare Foundation's name or a notarized letter of transfer for 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 GRAIN



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Healthcare Foundation

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401 9th Ave. NW, Watertown, SD 57201

Foundation • 605.882.7631



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Healthcare Foundation

## 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 Prairie Lakes Healthcare Foundation as the owner
3. Contact the Prairie Lakes Healthcare Foundation let them know where the grain is stored
4. The Prairie Lakes Healthcare 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 Prairie Lakes Healthcare 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

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 Prairie Lakes Healthcare 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.



## 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 Prairie Lakes Healthcare 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 Prairie Lakes Healthcare 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 Prairie Lakes Healthcare 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.

The Prairie Lakes Healthcare Foundation is a 501 (c)3 organization. It recognizes that healthcare is a vital component of a community's quality of life. The Prairie Lakes Healthcare Foundation exists to raise funds with which to support and advance the healthcare services through Prairie Lakes Healthcare System.