



GIFTS OF GRAIN TO NORTHWESTERN COLLEGE

The Northwestern College advancement office is encouraging their farming contributors to consider gifts of grain this upcoming harvest season. These gifts can be in the form of grain just harvested or grain taken from storage and delivered to the elevator.

There are several distinct advantages for donors to utilize grain instead of contributing cash when making a gift to charity. Foremost among them is the fact that the commodity (corn, beans, etc.) becomes an asset of the charity, and when it is sold, the value of the grain contributed is not reported as income to the farmer. A reduction of the farmer's income allows the farmer to reduce his or her federal income tax, Social Security tax, self-employment tax and state income tax. Typically the farmer will still be allowed to claim a deduction for the costs of production of the gifted commodity as a farm business expense on Schedule F.

Many farmers do not itemize their tax deductions, so they don't receive a tax benefit for a charitable contribution of cash. This makes the charitable gift of grain, which reduces their taxable income, a win-win situation for both Northwestern College and the donor.

Taxpayers should always consult with their tax professional(s) for advice pertaining to their personal tax scenario prior to making a charitable contribution of grain.

Farmers intending to make a charitable gift of grain should be certain to fulfill their agricultural subsidy program obligations prior to their donation.

If the farmer wants to receive the most favorable tax results, it is important that the grain be designated as belonging to the charity prior to the grain crossing the scales and/or the grain being dumped. Prior to the weighing or dumping, the farmer should inform the elevator as follows:

- "This load belongs to Northwestern College."
- "A portion of this load belongs to Northwestern College." (Then specifying exactly what that portion will be, 1/2, 1/3, etc.)
- "___ bushels of this load belong to Northwestern College."
- "___ pounds of this load belong to Northwestern College."

The farmer must give up "dominion and control" of the commodity.

Farmers gifting grain should utilize the "in-house" form, which most grain elevators have to designate a charitable gift of commodities. If the elevator of the farmer's choice does not have an "in-house" form, Northwestern can be contacted at 712-707-7106, and college personnel will immediately email or fax a form to the elevator.

Northwestern College will then authorize the sale of the grain and collect the proceeds from that sale. Northwestern has sent letters of direction concerning the sale of grain to most of the grain elevators and other known purchasers of grain that are located in close proximity to Orange City. If you deliver

your commodity to a facility that has not received this letter of instruction, have them contact us immediately at 712-707-7106, and we will share that pertinent information with them.

Farmers should inform the college by letter or word of mouth that they will be making a contribution of grain to the college. This information should include the description of the commodity and the quantity being contributed. ***Farmers should also inform the college how they want their gift designated.*** For example, it can be designated for a current building project, the Northwestern Fund, a scholarship, or any other specific project or program.

Upon receipt of the proceeds for the grain, Northwestern College will send a receipt to the contributing farmer. This receipt will include specific information concerning the date of the gift, description, quantity and selling price of the donated commodity, and the total value of the gift.