

WHY DONATE GRAIN DIRECTLY

For many cash-basis farmers, significant tax savings can be achieved by donating grain directly to their church or other favorite United Methodist charity.



TAX SAVINGS

A contribution of grain directly to charity allows the cash-basis farmer to:

- Avoid reporting the sale of the grain as income.
- Still include the cost of growing the grain in deductible expenses.

To receive these tax savings, the transaction **MUST** be executed properly!

GUIDELINES FOR DONATING GRAIN

FARMER MUST GIVE UP “CONTROL AND DOMINION” OVER THE GRAIN

When a farmer delivers the grain to the elevator, a warehouse receipt showing the church as owner should be executed. (The church may want to create an account at the elevator in advance.) The church orders the sale of the grain, with the original sales invoice showing the church as the seller. The proceeds check is payable to the church. (The farmer should not provide advice to the church regarding sale of the grain.)

Your Missouri United Methodist Foundation is happy to assist individuals and churches in making gifts of grain. Grain can also be used to create an endowment, a gift annuity, or a donor advised fund at the Foundation.



KEY POINTS:

1. **Unsold commodity:** The gift should be from unsold crop inventory, with no prior sale commitment made prior to the gift.
2. **Physical delivery:** Be sure the gift is farm commodities, not warehouse receipts, which could be considered a cash equivalent. The charity must be able to demonstrate “control and dominion” over the gifted property.
3. **No control:** The farmer should provide no guidance in the transfer agreement as to the retention or sale of the gifted commodity.
4. **Documentation:** Either a properly executed warehouse receipt in the charity’s name, or a notarized letter of transfer from the farmer for crops stored on the farm must be issued. The original sales invoice should list the church as the seller.
5. **Storage & transportation costs:** After the transfer, the church should assume costs of storage, marketing and transportation.
6. **Crop share leases:** A share of a crop received as rental payment is considered the equivalent of cash rental income. Therefore, no savings (expense deduction) can occur.
7. **Help for Churches:** Farmers should be aware that their church may not be familiar with receiving this type of gift. Contact the Foundation for assistance if needed and use the following donation form.

DONATION FORM

BEFORE delivery to elevator, please mail or fax this form to:

Missouri United Methodist Foundation
PO Box 1076
Columbia, MO 65205-1076
Phone: 800-332-8238 (or 573-875-4168)
Fax: 573-875-4595

(Donor Name)

(Donor Address)

(City, State, Zip)

(Phone)

Type of Grain: -----

Amount of
Grain: -----

I wish to transfer the above grain to benefit:

(UM Church/Agency or UM Foundation Fund)

(City)

(Signature)

Date: ____/____/____

(Grain Elevator)

(Elevator Phone Number)



USE PROFESSIONAL ADVISORS

The farmer should always consult with his or her professional tax or legal advisors to determine tax implications prior to making the gift. This material is provided for general informational purposes only and is not intended to be tax or legal advice.



PO Box 1076 • Columbia, MO 65205
800-332-8238 • www.mumf.org

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GIVING GRAIN

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