Gratitude For Grain
Growing the Future with the Northern Indiana Community Foundation

Your crops are your livelihood, your life. You prepare, you plant, you nurture, and it grows. That’s what we do with the charitable donations entrusted to the Northern Indiana Community Foundation. We invite you to grow the future with us.

Why Grain?
Donating grain to the 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 it can support the overall charitable causes in Starke, Fulton, or Miami Counties.

How You Benefit
Farmers don’t pay self-employment or federal and state income tax on donations of grain, and the bushels included in the donation still count toward a deduction for production costs. The tax savings, depending on the income-tax bracket, range from 29.3 percent to 54.3 percent.

How it Works
The Northern Indiana Community Foundation invites you to donate grain that will benefit your community forever. Here is an example:

<table>
<thead>
<tr>
<th>Without the Charitable Donation</th>
<th>With the Charitable Donation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$35,000</td>
<td>other income from farming</td>
</tr>
<tr>
<td></td>
<td>$35,000</td>
</tr>
<tr>
<td>$10,000</td>
<td>income from grain sale</td>
</tr>
<tr>
<td></td>
<td>$ 0</td>
</tr>
<tr>
<td>$45,000</td>
<td>Total income*</td>
</tr>
<tr>
<td></td>
<td>$35,000</td>
</tr>
</tbody>
</table>

*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 individual farmer’s situation is different, you should consult your professional advisor for legal and tax advice on how donating grain to the Northern Indiana Community Foundation may apply to your circumstances. Nothing in this flyer should be construed as providing you with legal or tax advice.
How to Complete Your Donation
Following these specific steps will help ensure you receive intended tax benefits from giving grain. NOTE: If you deliver the grain, sell it, and order the proceeds sent to the Northern Indiana Community Foundation, you won’t be eligible for the tax benefits described in this flyer.

1. Let the Northern Indiana Community Foundation know of your intended donation at least one week in advance. The donation should be from unsold crop inventory with no sale commitment prior to the donation.
2. The Northern Indiana Community Foundation will set up an account at the elevator.
3. Deliver the grain to the elevator.
4. Transfer the grain as a donation to the Northern Indiana 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 donation of an actual warehouse receipt; give the grain itself.)**
5. We will provide you with a confirmation receipt.
6. After the donation, 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 Northern Indiana Community Foundation sells the grain to ensure you do not have dominion or control over the grain once the donation is made.
8. The Northern Indiana 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 donation 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 C-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. C-corporations are not treated the same way from a tax perspective. Ask your tax professional to see if your farm operation can benefit from a charitable donation.

**Will the donated grain count as income in government payments limitation caps?**
No, the donation of grain will not count as income in your government payments limitation caps calculation.