DOCUMENTATION

LAKES REGIONAL HEALTHCARE FOUNDATION WILL RETAIN IN ITS FILES:

- Warehouse receipt or storage ticket in Lakes Regional Healthcare Foundation name.
- The original sales invoice showing Lakes Regional Healthcare Foundation as the seller.
- If the crops are to be stored on the farm, a notarized letter of transfer can take the place of a warehouse receipt.

PASSAGE OF RISK TO THE CHARITY

After the transfer, Lakes Regional Healthcare Foundation will assume costs of storage, transportation and marketing, and bear any risk of loss.

USE OF 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. Because of rapid changes in tax law, information provided here may be outdated.

TIPS FOR MAKING GIFTS OF GRAIN

- **TIMING:** Donate grain grown after harvest to ensure no triggering of taxation due to assignment of income rules.
- **UNSOLD COMMODITY:** The gift should be from unsold crop inventory, with no prior sale commitment made prior to the gift. A farmer will gift the grain to Lakes Regional Healthcare Foundation and let them decide what to do with it and when to sell it.
- **PHYSICAL DELIVERY:** Be sure the gift is farm commodities, not warehouse receipts, which could be considered a cash equivalent. Lakes Regional Healthcare Foundation must be able to demonstrate "control and dominion" over the gifted property.
- **RETENTION OF CONTROL:** The farmer should provide no guidance in the transfer agreement as to the retention or sale of the gifted commodity.
- **DOCUMENTATION:** Either a properly executed warehouse receipt in Lakes Regional Healthcare Foundation name, or a notarized letter of transfer for crops stored on the farm. The original sales invoice should list Lakes Regional Healthcare Foundation as seller.
- **STORAGE AND TRANSPORTATION COSTS:** After the transfer, Lakes Regional Healthcare will assume costs of storage, marketing and transportation.

LAKES REGIONAL HEALTHCARE FOUNDATION
PO Box AB | Spirit Lake, IA 51360

KATY CAREY
Director of Philanthropy
Kathleen.Carey@lakeshealth.org | 712-339-6710

SONJA HAMM
Vice President of Human and Foundation Resources
Sonja.Hamm@lakeshealth.org | 712-336-8791

BUILDING THE FUTURE OF EMERGENCY CARE

GIVE THE GIFT OF GRAIN

Donate Grain.
Save Money.
Make a Difference.

Lakes Regional Healthcare Foundation
An Avera Partner

WHY DONATE DIRECTLY?

For many cash basis farmers, significant tax savings can be achieved by donating crops out of your inventory directly to Lakes Regional Healthcare Foundation.

TAX SAVINGS

Cash charitable contributions are deductible only as an itemized deduction from adjusted gross income, which results in reducing federal income tax only. Many farmers don't itemize deductions because the standard deduction has greatly increased over the year.

BY CONTRIBUTING CROPS TO LAKES REGIONAL HEALTHCARE FOUNDATION:

- The cash basis farmer avoids including the sale of the cash crop in income.
- The cash basis farmer can still deduct the cost of growing the crop, which results in saving self-employment tax, federal income tax, and state income tax.

MAKE A DIFFERENCE

By donating grain, farmers provide opportunities for youth in our community, county and area, and can save on self-employment tax, federal income tax, and state income tax.

1. Deliver the grain to your local elevator and ask them to provide a warehouse receipt showing Lakes Regional Healthcare Foundation as the owner. Contact Lakes Regional Healthcare Foundation and let them know where the grain is stored. Lakes Regional Healthcare Foundation will then order the sale, with the original sales invoice.

2. To qualify for the highest tax savings, crops must be donated from your inventory. Donation of growing crops triggers taxation to the donor due to assignment of income rules.

Lakes Regional Healthcare Foundation
An Avera Partner

Lakes Regional Healthcare Foundation is a 501(c)(3) organization whose mission is to raise awareness and financial resources for Lakes Regional Healthcare by partnering with donors to provide advanced technologies and ensure access to quality healthcare in the Iowa Great Lakes region.

GUIDELINES

- Donate crops after they have been harvested.
- Cash basis farmers deduct their growing costs in the year of production. By donating the crop after harvest, the value of the crop is never included in income. However, the production costs are still deductible.
- Farmers must make a charitable "donation," giving up "dominion and control" in the asset. The typical procedure of a farmer delivering, selling and ordering the proceeds sent to the charity doesn't work. It can result in the transaction being considered a cash sale and cash donation since the farmer has not given up control of the property.
- Instead, the property should be delivered and a warehouse receipt showing Lakes Regional Healthcare Foundation as the owner should be executed. Lakes Regional Healthcare Foundation then orders the sale of the property with the original sales invoice showing Lakes Regional Healthcare Foundation as the seller.
- The farmer should avoid advising the charity as to when to sell the crops. This may be construed by the IRS as "retaining control" advising the charity as to when to sell the crops.