Benefits of Gifting Agricultural Commodities

Nebraska farmers and ranchers can save significant taxes by contributing commodities such as corn or cattle to their community foundation fund instead of making a cash contribution after selling the commodities.

When an agricultural producer transfers legal ownership of grain or livestock to a 501(c)(3) charitable organization such as the Nebraska Community Foundation before the commodity is sold, the producer will not realize taxable income from a sale, thus minimizing taxes. The producer is still able to deduct the entire cost of the production of the commodity on Schedule F. Depending on the producer’s specific circumstances, savings may be realized on federal and state income tax and self-employment tax.

For example, a gift of 1,000 bushels of corn when the market price is $3.00 and the cost of production is $2.00 reduces taxable income by $1,000 ($1/bushel). The producer still receives a deduction for the costs of production. A typical farmer who does not itemize deductions on Schedule A might reduce his federal income tax by $150 (15% X $1,000), his state income tax by $60 (6% X $1,000) and self-employment (social security) tax by $141 (15.3% X $1,000 X 92.35%) for a total tax estimated savings of $351.

A producer should consult with his or her tax advisor to determine whether a contribution of commodities is appropriate to their tax situation.

The Nebraska Community Foundation can help you make a gift of commodities to benefit your local community foundation fund and get the desired tax treatment. Most importantly:

- You must provide written documentation to both NCF and the grain elevator or sale barn of the transfer of title of the commodity
- The Nebraska Community Foundation must be in control of the sale of the commodity

See Steps to Make a Charitable Gift of Grain or Steps to Make a Charitable Gift of Livestock for the steps for making a gift of commodities.

For assistance with a gift of commodities contact one of the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diane Wilson</td>
<td>Chief Financial &amp; Administrative Officer</td>
<td>402-323-7333</td>
<td><a href="mailto:dwilson@nebcommfound.org">dwilson@nebcommfound.org</a></td>
</tr>
<tr>
<td>Doug Friedli</td>
<td>Director of Community Fund Development-Eastern Nebr.</td>
<td>402-323-7343</td>
<td><a href="mailto:dougfriedli@nebcommfound.org">dougfriedli@nebcommfound.org</a></td>
</tr>
<tr>
<td>Jana Jensen</td>
<td>Director of Community Fund Development-Western Nebr.</td>
<td>308-588-6299</td>
<td><a href="mailto:janajensen@nebcommfound.org">janajensen@nebcommfound.org</a></td>
</tr>
</tbody>
</table>

This information is intended solely to inform you of a potential gift planning opportunity. The Nebraska Community Foundation is not a tax advisor. You may not rely on the information contained herein for the purpose of avoiding tax penalty and you should consult your tax advisor to determine whether the information presented here is appropriate to your tax situation.
Steps to Make a Charitable Gift of Grain

Following these specific steps will help ensure that you receive the intended tax benefits from a gift of grain. Failure to follow these steps may result in the IRS treating the transaction as a sale by the farmer resulting in a contribution of cash, rather than as a contribution of grain. As a donor, you should follow these steps to ensure that ownership of the gifted grain is transferred prior to sale and you receive recognition for your gift:

1. Contact one of the following individuals at the Nebraska Community Foundation to advise us that a gift is about to be made.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diane Wilson</td>
<td>Chief Financial &amp; Administrative Officer</td>
<td>402-323-7333</td>
<td><a href="mailto:dwilson@nebcommfound.org">dwilson@nebcommfound.org</a></td>
</tr>
<tr>
<td>Doug Friedli</td>
<td>Director of Community Fund Development-Eastern Nebr.</td>
<td>402-323-7343</td>
<td><a href="mailto:dougfriedli@nebcommfound.org">dougfriedli@nebcommfound.org</a></td>
</tr>
<tr>
<td>Jana Jensen</td>
<td>Director of Community Fund Development-Western Nebr.</td>
<td>308-588-6299</td>
<td><a href="mailto:janajensen@nebcommfound.org">janajensen@nebcommfound.org</a></td>
</tr>
</tbody>
</table>

2. Complete the **Letter from the Producer Regarding a Gift of Grain** form notifying us that you are making a gift of grain. Indicate the quantity and type of grain being contributed and the affiliated fund (and related purpose) to which your contribution is directed. Send the letter to the Nebraska Community Foundation, PO Box 83107, Lincoln, NE 68501-3107 with a copy to the treasurer of the affiliated fund to which your gift is directed. NCF can provide the treasurer’s contact information.

3. Ask the treasurer of the affiliated fund to send a Contribution Submission Form to NCF including your full name and address, the quantity and type of grain that will be gifted (NOT the dollar amount) and the account that you wish to benefit.

4. When you deliver the gifted grain to the local elevator, tell the grain elevator to issue a storage receipt in the name of the Nebraska Community Foundation. The storage receipt is the evidence that ownership of the grain was transferred from the farmer to NCF. Send the storage receipt to NCF at the address in Step 2.

5. Instruct the grain elevator that it must send the contract to sell the grain to the Nebraska Community Foundation for signature. The contract can be mailed to the address in Step 2 or faxed to the attention of Diane Wilson at 402-323-7349. If the elevator does not use written contracts for grain sales, ask NCF to provide you with a completed **Instructions to Grain Elevator for Gift of Grain** form. Because NCF owns the grain following your gift, you may not instruct the elevator to sell it.

6. Remind the grain elevator to issue the check for the sale of the grain to the Nebraska Community Foundation and send it to the address in Step 2.
Letter from the Producer Regarding a Gift of Grain

To:
Nebraska Community Foundation
PO Box 83107
Lincoln, NE 68501-3107
Fax 402-323-7349

I/We, _____________________________________, hereby gift _________ (# of bushels)
of ______________________________________________________(type of grain)
to the Nebraska Community Foundation for the benefit of ______________________
Community Foundation Fund for the _________________ project / account.

____________________________________                                                    __________
Signature(s)              Date:

____________________________________
Printed name(s)

___________________________________
Mailing address

I will transport the gifted grain to the following facility on behalf of the Nebraska Community Foundation:
  Name of grain elevator __________________________
  Contact person ___________________________
  Phone number  ___________________________

Send this letter to:
  1. Nebraska Community Foundation, P.O. Box 83107, Lincoln, NE 68501-3107
With a copy to:
  2. The treasurer of the affiliated fund to which your gift is directed.

If you have questions, please contact one of these Nebraska Community Foundation staff members:
  Diane Wilson, Chief Financial & Administrative Officer, 402-323-7333
  Doug Friedli, Director of Community Fund Development-Eastern Nebraska, 402-323-7343
  Jana Jensen, Director of Community Fund Development-Western Nebraska, 308-588-6299

650 J Street, Ste. 305 • P.O. Box 83107 • Lincoln, Nebraska 68501-3107 • (402) 323-7330 • Fax (402) 323-7349
www.nebcommfound.org

rev 10/15/2009
Instructions to Grain Elevator for Gift of Grain

The Nebraska Community Foundation is directing your facility to sell __________ bushels of ________________ (type of grain) that will be delivered by ________________ (donor) on behalf of the Nebraska Community Foundation to be sold through your facility.

This grain is the property of the Nebraska Community Foundation for the benefit of the ________________ Community Foundation Fund.

Please remit a check for the sale proceeds to:

Nebraska Community Foundation
P.O. Box 83107
Lincoln, NE 68501-3107

Signed: Title: Date:
Nebraska Community Foundation

If you have questions, please contact one of these Nebraska Community Foundation staff members:
Diane Wilson, Chief Financial & Administrative Officer, 402-323-7333
Doug Friedl, Director of Community Fund Development-Eastern Nebraska, 402-323-7343
Jana Jensen, Director of Community Fund Development-Western Nebraska, 308-588-6299
Steps to Make a Charitable Gift of Livestock

Following these specific steps will help ensure that you receive the intended tax benefits from a gift of livestock. Failure to follow these steps may result in the IRS treating the transaction as a sale by the farmer/rancher resulting in a contribution of cash, rather than as a contribution of livestock. As a donor, you should follow these steps to insure that ownership of the gifted livestock is transferred prior to sale and you receive recognition for your gift:

1. Contact one of the following individuals at the Nebraska Community Foundation to advise us that a gift is about to be made.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diane Wilson</td>
<td>Chief Financial &amp; Administrative Officer</td>
<td>402-323-7333</td>
<td><a href="mailto:dwilson@nebcommfound.org">dwilson@nebcommfound.org</a></td>
</tr>
<tr>
<td>Doug Friedli</td>
<td>Director of Community Fund Development-East</td>
<td>402-323-7343</td>
<td><a href="mailto:dougfriedli@nebcommfound.org">dougfriedli@nebcommfound.org</a></td>
</tr>
<tr>
<td>Jana Jensen</td>
<td>Director of Community Fund Development-West</td>
<td>308-588-6299</td>
<td><a href="mailto:janajensen@nebcommfound.org">janajensen@nebcommfound.org</a></td>
</tr>
</tbody>
</table>

2. Complete the Letter from the Producer Regarding Gift of Livestock notifying us that you are making a gift of livestock. Indicate the quantity and type of livestock being contributed and the affiliated fund (and related purpose) to which your contribution is directed. Send the letter to the Nebraska Community Foundation, PO Box 83107, Lincoln, NE 68501-3107 with a copy to the treasurer of the affiliated fund to which your gift is directed. NCF can provide the treasurer’s contact information.

3. Ask the treasurer of the affiliated fund to send a Contribution Submission Form to NCF including your full name and address, the quantity and type of livestock that will be gifted (NOT the dollar amount) and the account that you wish to benefit.

4. NCF will request that you deliver the livestock to market on our behalf and will provide you with a completed Instructions to Sale Barn for Gifts of Livestock form.

5. Deliver the livestock to market on our behalf and provide a copy of your Letter from the Producer Regarding Gift of Livestock and the completed Instructions to Sale Barn for Gifts of Livestock to the sale barn.

6. Remind the sale barn to issue the check for the sale of the livestock to the Nebraska Community Foundation and send it to the address in Step 2.
Letter from the Producer Regarding a Gift of Livestock

To:
Nebraska Community Foundation
PO Box 83107
Lincoln, NE  68501-3107
Fax 402-323-7349

I/We, ________________________________, hereby gift _________ (# of head) of ____________________________________________________________________(type of livestock) to the Nebraska Community Foundation for the benefit of __________________________
Community Foundation Fund for the ________________ project / account.

____________________________________                                                    __________
Signature(s)              Date:

____________________________________
Printed name(s)

___________________________________
Mailing address

I will transport the gifted livestock to market at which time they will be sold on behalf of the Nebraska Community Foundation.

Send this letter to:
1. Nebraska Community Foundation, P.O. Box 83107, Lincoln, NE 68501-3107
   With a copy to:
   2. The treasurer of the affiliated fund to which your gift is directed.

If you have questions, please contact one of these Nebraska Community Foundation staff members:
   Diane Wilson, Chief Financial & Administrative Officer, 402-323-7333
   Doug Friedli, Director of Community Fund Development-Eastern Nebraska, 402-323-7343
   Jana Jensen, Director of Community Fund Development-Western Nebraska, 308-588-6299

www.nebcommfound.org
Instructions to Sale Barn for Gift of Livestock

The Nebraska Community Foundation is directing your facility to sell __________ head of _______________ (type of livestock) that will be delivered by _______________ (donor) on behalf of the Nebraska Community Foundation for sale at auction at your facility.

This livestock is the property of the Nebraska Community Foundation for the benefit of the _______________ Community Foundation Fund

Please remit a check for the sale proceeds to:

Nebraska Community Foundation
P.O. Box 83107
Lincoln, NE 68501-3107

Signed: __________________________ Title: __________________________ Date: __________________________

Nebraska Community Foundation

If you have questions, please contact one of the following individuals at the Nebraska Community Foundation:

Diane Wilson, Chief Financial & Administrative Officer, 402-323-7333
Doug Friedli, Director of Community Fund Development-Eastern Nebraska, 402-323-7343
Jana Jensen, Director of Community Fund Development-Western Nebraska, 308-588-6299