

## **Red Willow Ministries Bushels of Love**

### **What Should My Gift Benefit?**

In order to provide the greatest support to the children served by Red Willow Ministries, please consider providing your gift as “unrestricted” or “Greatest Need”. But your gift could go to any program at Red Willow Ministries – you could give to a specific fund, to camperships, to . . . . The list is endless!

### **Why Should Active, Self-Employed Farmers Give Grain Instead of Cash?**

Charitable contributions of cash are deductible only as an itemized deduction from adjusted gross income – resulting in a reduction of federal income tax. Many farmers don’t itemize because the standard deduction has grown so much over the years. There are significant tax benefits of giving grain instead of cash.

- If you transfer ownership to Red Willow Ministries, then donated grain is not recorded as income; and the total tax savings can be substantial since you can skip self-employment tax and federal income tax on the income you would have derived from the donated grain. (This is especially beneficial to those who don’t itemize deductions. Please consult with your accountant.)
- Cash basis farmers deduct costs in the year in which they are paid. The cash basis farmer can still deduct the cost of growing the crop as long as the crop is given in a different year than it was grown.
- You may avoid costly tax deduction phase-outs, since some tax benefits are taken away at higher levels of adjusted gross income (AGI). Avoiding the IRS income triggers ensures that these benefits are retained when you give grain rather than cash.
- Because you don’t take the income, gifts of grain lower your Adjusted Gross Income (AGI), so you may pay lower income taxes on your social security benefits.
- There may be additional tax benefits as you can bypass the IRS rules limiting deductions to a percentage of AGI and make a more generous contribution. Since the donated grain is not reported as income, you can give more and save more taxes than those limits allow.
- Gifts of Grain don’t count as income on the government payments limitation caps calculations.

### **Who Can Give Gifts of Grain?**

Anyone; however, to utilize these tax benefits, the donors must be an active producer. Although crop share landlords can make gifts of grain, they are not eligible for these benefits, as their crops are considered “rental income” that must be reported as such to the IRS. Others who give gifts of grain will receive a gift receipt from the Red Willow Ministries in the amount of the net proceeds from the sale of the grain which may be used to claim a charitable deduction if they itemize.

## **What Does it Cost to Give Grain?**

Red Willow Ministries doesn't charge anything for processing gifts of grain.

## **Has This Method of Giving Been Tested?**

Yes. This method of giving has been accepted for over four decades and is promoted by charities around the nation.

## **Will I Receive a Tax Receipt for my Gift?**

If you are not an active farmer using cash-basis accounting, then yes.

No, not if you are an active farmer using cash-basis accounting. Since you have no recordable taxable income by making your gift this way, you will not receive a tax receipt for your gift. However, Red Willow Ministries will send you an acknowledgement of your gift, and confirmation that the cash value of the sale has been placed in the appropriate account..

## **Will Making a Gift of Grain Impact My FSA / Crop Insurance Production Records?**

No. Your elevator will have record of the transaction, and will credit your farm's production as usual. For them, a gift of grain is similar to the reporting required for allocating production to the various landlords in a crop share agreement.

## **Is it Complicated to Set Up?**

1. If there isn't already an account established, ask your elevator or co-op to create an account in the name of: Red Willow Ministries, 1651 Jacob Drive, Binford ND 58416  
Phone: 701-676-2681  
E-mail: [office@redwillowbiblecamp.org](mailto:office@redwillowbiblecamp.org)
2. Transfer or deposit grain to that account.
3. Tell the elevator or us what you would like your gift to benefit

The local elevator will promptly sell the grain and send a check with the original warehouse and sales invoice. They will also send us your name, contact information and number of bushels that were contributed to Red Willow Ministries. Those funds will be transferred into an account that benefits the area you chose to benefit.

## **Timing of Your Gift**

Donate grain produced in the immediately previous tax year to receive the greatest tax advantages. Be sure to make the donation early enough in the year so there is no question that it came from the previous year's harvest. You may donate grain produced in the same year as the gift but, unlike with grain produced in the previous year, you will not be able to deduct the costs associated with the production of the donated grain.

## **Passage of Risk to Red Willow Ministries and Control of the Grain**

There should be no prior sale commitment made before the gift of grain is made, as Red Willow Ministries must be in control of the timing of the sale. After the grain ownership is transferred, Red Willow Ministries assumes all costs and risk of a down market.

## **Physical Ownership**

Be sure that the gift is of grain, not of a warehouse receipt, which could be considered as a cash equivalent, and thus expose you to a challenge from the IRS. Red Willow Ministries must be able to prove “control and dominion” over the gift of grain. If you use home storage, a warehouse receipt or notarized letter of transfer of the crops stored on the farm is necessary, along with the original sales receipt listing Red Willow Ministries as the owner.

You should always consult with tax or legal advisors to determine tax implications prior to making a significant gift. If you or your advisor needs more information about this program or about Red Willow Ministries, visit our website.

This information is not intended to be interpreted or relied upon as legal, tax, or financial advice. Red Willow Ministries does not engage in the marketing of services pertaining to individualized advice about estate distribution documents. Before entering into a planned gift with any charity, the donor should seek professional legal, tax, and financial advice. This information cannot be relied upon as professional advice adequate in scope and content to avoid the imposition of penalties under the Internal Revenue Code.