



FOUNDATION

PULLMAN REGIONAL HOSPITAL

GIFTS OF GRAIN

Pullman Regional Hospital Foundation

What is the Gifts of Grain program?



Gifts of Grain is a program in which grain or other commodity crops are gifted to benefit Pullman Regional Hospital Foundation.

You're supporting Pullman Regional Hospital's Highest Needs:

- Medical equipment, space and technology
- Recruiting, retaining and training physicians
- Women's and children's health and wellness
- Regional High School Athletic Training Program
- Innovation in healthcare



I am an active, self-employed farmer using cash basis accounting. What are the benefits of giving to Gifts of Grain?

If you are an active, self-employed farmer using cash basis accounting, you may realize a greater benefit in gifting grain versus a charitable tax deduction. By gifting grain, you can deduct all production costs while avoiding federal income tax and self-employment tax on the fair market value of your gift. To maximize tax benefits, request the local grain elevator make the receipt out to the PRH Foundation, and choose a designated area to benefit Pullman Regional Hospital. The PRH Foundation must have control of and then sell the gifted crop.

You will not receive a tax receipt for your gift because you have no recordable taxable income. However, PRH Foundation will send you an acknowledgment of your gift, and confirmation the cash value of the sale has been placed in the appropriate account at the PRH Foundation.

I am NOT an active, self-employed farmer. Why should I give?

If you are NOT an active, self-employed farmer using cash basis accounting (e.g. you are a landlord), you can designate a share of your crop sold and gift the proceeds to the PRH Foundation. Under the IRS guidelines, this will be considered a cash sale and a cash donation since you do not give up control of the commodity. Your gift will be receipted, and you may take a charitable deduction.

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. However, many farmers do not itemize because the standard deduction has grown over the years. There are significant tax benefits to giving grain instead of cash:

- If you transfer ownership to Pullman Regional Hospital Foundation, donated grain is not recorded as income, and the total tax savings can be substantial as 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 do not itemize deductions.)
- 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.
- 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 these benefits are retained when you give grain rather than cash.
- Gifts of grain lower your Adjusted Gross Income (AGI) because you do not claim the income, 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. Because the donated grain is not reported as income, you can give more and save more taxes than those limits allow.
- Gifts of grain do not count as income on the government payments limitation caps calculations.

Is the timing of my gift important?

If the donated grain is going to a non-profit organization, the year of production is not a factor. Current year expenses can be deducted.

If the donated grain is given to a non-charitable entity, current year expenses of raising that crop cannot be deducted as a business expense.

“As a fourth generation farmer on the Palouse, my family supports Gifts of Grain to benefit Pullman Regional Hospital. It’s a convenient and a straight-forward way to support Pullman Regional Hospital and receive a charitable tax deduction.”

—Mike Sodorff



How do I make a gift of grain to Pullman Regional Hospital Foundation?

If you are an active, self-employed farmer using cash basis accounting, be sure to follow these specific steps to receive the intended tax benefits from a gift of grain. If you do not, the IRS may treat the transaction as a sale by the farmer – resulting in a contribution of cash, rather than a contribution of grain. You must closely follow these steps to ensure that ownership of the gifted grain is transferred prior to sale and you receive recognition for your gift.

1. If there is not already an account established, ask your elevator or co-op to create an account in the name of:

Pullman Regional Hospital Foundation
840 SE Bishop Blvd. Suite 200
Pullman, WA 99163
Phone: 509-332-2046
Fax: 509-332-2111
Email: foundation@pullmanregional.org

2. Transfer or deposit grain to this account where PRH Foundation is shown on the warehouse receipt as owner of the grain. If the gift of grain is stored somewhere other than a warehouse or cooperative (on the farm storage), a notarized letter of transfer can be used instead of a warehouse receipt.
3. Inform the PRH Foundation which program you would like your gift to benefit at PRH. Suggestions include Annual Giving for Excellence Fund Drive, Endowment for Quality & Access, and Innovation.
4. The PRH Foundation will direct the local elevator to sell the grain on behalf of the PRH Foundation and send a check with the original warehouse and sales invoice along with the payment. The elevator will send PRH Foundation your name and contact information. Those funds will be transferred to the account benefitting your fund of choice.

Things to Consider:

1. You should avoid advising the PRH Foundation as to when to market the grain, as the IRS could consider this as “retaining control,” which can cause problems. The IRS expects there to be a “passage of risk” to the PRH Foundation when assuming all responsibility for storage, marketing, transportation and loss risk.
2. The PRH Foundation will retain appropriate documentation in their files, including:
 - The warehouse receipt or storage ticket in the PRH Foundation’s name.
 - The original sales invoice showing the PRH Foundation as the owner and seller.
 - If applicable, a notarized letter of transfer can be used instead of a warehouse receipt.
3. By making this contribution of grain to the elevator account that benefits PRH Foundation, you warrant the gift of grain is free of any liens, garnishments or other encumbrances.



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