Farm Commodities

A way to stretch your first fruits giving

THE FULLER CENTER FOR HOUSING
Building on Higher Ground

Farming presents special opportunities to make donations to The Fuller Center for Housing and reduce your taxes. You can give gifts of grain, livestock – even honey. Not only does The Fuller Center benefit, but you can deduct the cost of production and you may qualify for other tax benefits as well.

How it works

You notify our partners, Mennonite Foundation, of your intent to give a farm commodity. You sell the commodity acting as our agent, and the buyer writes the check to Mennonite Foundation. The check and a scale ticket or auction receipt are sent to Mennonite Foundation. We deposit the money in Mennonite Foundation's Charitable Gift Fund in an account in your name. Your gift represents an irrevocable contribution to Mennonite Foundation and is not refundable to you. You may then recommend that the foundation make a disbursement when you want money distributed to The Fuller Center. There is no service charge on your account as long as the funds remain on deposit at least 30 days.

You benefit by reducing your net income, which reduces your self-employment tax by $153 for every $1,000 you donate. You also can deduct the cost of producing the commodity.

And you get the satisfaction of knowing The Fuller Center will benefit from your generosity.

Advantages

- **Qualify for a business tax deduction on your cost of production.**
- **Reduce your self-employment tax.**
- **Recommend the charities you want to support.**

How to give a gift

Mennonite Foundation professionals can make giving farm commodities easy. Simply contact us when you want to make a gift. You sell the commodity acting as our agent and have the buyer make out the check to Mennonite Foundation. The money is then deposited in the Charitable Gift Fund account.

After the money has been in the account for 30 days, you may recommend that donations be sent to The Fuller Center simply by sending us a recommendation form. We ask that recommended amounts be for at least $100 to help keep our operation as efficient as possible.

Mennonite Foundation sends a check to The Fuller Center along with a cover letter explaining the gift is a contribution by Mennonite Foundation from your Charitable Gift Fund account. You also receive a copy of the letter.

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What The Fuller Center receives

We are delighted to receive contributions from a Mennonite Foundation Charitable Gift Fund account funded by commodities. We are dependent upon the generosity of donors just like you, and giving through commodities is a way to make that process easier.

What you receive

Because the money from the sale of the commodity is given directly to Mennonite Foundation, you never realize any of the income. This reduces the amount of your income which is subject to income tax. As long as you are not paying the maximum amount of self-employment tax, your tax liability is reduced by $153 for every $1,000 you donate in commodities. And even though you do not realize the income, you can still deduct the cost of producing the commodities.

If you do not itemize deductions on your tax return, you still benefit by reducing your net income.

Tax laws permit you to deduct up to 50 percent of your taxable income as cash contributions to charity. Since farm commodities are not given in the form of cash, this limit does not apply. So you could, in effect, donate more than 50 percent of your earned income, if you choose.

Act today!

To request an application, or for more information, contact Kirk Lyman-Barner from The Fuller Center at (229) 924-2900 or Joseph Lapp from Mennonite Foundation at (800) 442-7930.

We'll show you exactly what annuity rate and tax savings you would receive if you give a gift – and help you decide if a gift annuity is right for you.

A case study

George Black is a farmer who uses the cash method of accounting and the calendar year as his taxable year. He contributed grain valued at $1,000 in 2006. All expenses of producing the grain ($750) were incurred in 2005, so $750 is deductible as a business expense in 1993. His earned income for 2006 is also $1,000 less than if he had sold the grain and kept the money himself, so his self-employment tax (at a 15.3 percent tax rate) is reduced by $153.

Provided by The Fuller Center in association with Mennonite Foundation.