



Crop Gifting

KERN COMMUNITY
FOUNDATION

Growing community.
Growing philanthropy.

Turning your harvest into scholarships, support for rural health initiatives, shelter for Kern County families in need, and so much more!

Crop Gifting

Remember when you were a child, thinking that if you swallowed a penny, a money tree would grow inside your belly?

Happily, sometimes the stuff of childhood fancy is not too far from practical adult reality.

If you are a local grower, you can “plant” a part of your crop as money to help your community by donating it to Kern Community Foundation. We sell the crop and deposit the net proceeds into a fund where you can advise how to invest the money in local charitable causes you feel passionate about.

It's a win-win arrangement: You enjoy significant tax advantages, while we maximize your philanthropic dollars, turning them into powerful community impact. We offer flexibility, personalized service and unparalleled fiscal management.



How to Make a Crop Gift



Identify an unsold crop to donate and contact Kern Community Foundation.



Transfer title of identified crop to KCF.



KCF assumes responsibility of gifted crop through final sale.



Set up a Donor Advised Fund or identify an existing fund at KCF to accept the net proceeds from the sale of your gift.



Congratulations! You've just grown philanthropy! Now grow the community by supporting the causes you care about.

How You Benefit

- **Gifted crops are not recognized as income on your Schedule F.**
- **Expenses related to the production of the crop are deductible on Schedule F in the year paid.**
- **Federal, state, and self-employment taxes are not assessed on the value of the donated crop.**
- **Gifted crops, as opposed to post-sale cash donations, can be a tax-advantaged way for growers to do their philanthropic work.**
- **Savings remain local to support areas of community need.**

Frequently Asked Questions

What is crop gifting?

Crop gifting is a way to reduce tax liabilities for philanthropically-inclined growers.

For many cash-basis growers, significant tax savings can be achieved by donating crops to Kern Community Foundation (KCF), instead of selling crops and then making a cash donation. By making a crop donation, cash-basis growers avoid having to include the sale of the crop gift in income on their Schedule F, thereby reducing taxable income, which results in savings of self-employment taxes, federal income taxes, and state income taxes.

Tax savings result from removing the income before recognition rather than from taking a charitable deduction after recognizing the income and the associated taxes. While each scenario varies and should be evaluated by a tax professional, crop gifts may result in significant tax savings when compared to cash gifts.

What about production costs?

The expenses associated with the production of the donated crops are deductible on Schedule F in the year paid.

What if arrangements have already been made to sell my crop?

The gift must be from unsold crop inventory with no prior sale commitment. After title transfer to KCF occurs, KCF assumes responsibility for processing and marketing the crop. The tax code requires that the grower relinquish full “dominion and control” over the crop.

What happens to the proceeds after KCF sells the crop?

Proceeds can be allocated to a grower’s existing Donor Advised Fund (DAF) at KCF, or used to establish a new fund, distributing over time to charitable organizations as advised by the grower.

What is a Donor Advised Fund (DAF)?

A DAF is a KCF fund used to manage your charitable donations. You direct the investment of the fund, receive quarterly statements and periodically recommend grants from your fund to the charities you specify.

Are there other options besides a Donor Advised Fund?

KCF offers a range of fund types to accommodate a donor’s interests. We can work with you on a case-by case basis to ensure that you establish the fund most suited to your needs. Additionally, KCF can serve as a charitable intermediary and make grants directly to nonprofits as directed by the grower provided the grants are not used to satisfy existing financial obligations such as an enforceable pledge.

Are there fees specific to crop gifts?

Yes, KCF assesses a one-time fee of 0.5% per crop gift in addition to KCF’s regular fee schedule of 0.5% to 2.0%, annually, depending on the balance and end use of the fund.

How do I take advantage of this opportunity?

1. Complete the following forms:
 - Crop Donation Agreement
 - Fund Agreement/Instrument of Gift (if establishing a new fund)
2. Contact Kern Community Foundation

These FAQs are for informational purposes only. You should always consult with your tax and/or legal advisor prior to making any gifts.

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For more information, contact any one of Kern Community Foundation’s helpful staff at 661.325.5346 or info@kernfoundation.org.



The Bounty of The Harvest as Philanthropy

(From an article originally featured in Bakersfield Lifestyle Magazine)

“As the ‘Breadbasket of America,’ California’s Central Valley growers are finding innovative ways to leverage the value of their crops with meaningful charitable giving. The Bakersfield-based Kern Community Foundation is embracing a movement that’s been popular in the Midwest for years in so-called ‘Gifts of Grain’ programs. Put simply, a producer of any of a variety of crops...sets aside a predefined portion of that crop for gifting to Kern Community Foundation. The Foundation takes legal dominion and control of the crop and arranges for (harvest), transfer and delivery to the wholesale markets. Attached to the gift, the producer has an opportunity to designate a specific ‘donor-advised’ fund or as a general gift that KCF can direct to a variety of other causes the grower may support. Some have chosen to support scholarships for agricultural education, relief for animal welfare organizations, the arts, the environment and disaster relief—all important causes.

A Win-Win for Ag Community Charitable Giving

For Ag producers who operate on a cash basis, significant tax savings can be found through donating crops through a ‘broker-partner’ like Kern Community Foundation to a favorite charity such as a public library or a church. In short, the charities make money by selling the donated crops, and the donors get tax deductions at a better rate than just cash donations. The ‘gifted’ crops substantially reduce federal and state tax liabilities and self-employment taxes. It’s a true win-win that stimulates local charitable giving in a smoother process for the Ag community to embrace.”

“An important benefit to crop-gifting is that it keeps
the dollars in the local market.”

– Kristen Beall Watson, Kern Community Foundation President and CEO

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