

Donation Considerations



Universities put good gifts to good use.

by **Barb Baylor Anderson**

Donating cattle, embryos or semen to universities that may benefit from your operation's genetics can go a long way toward helping advance beef industry research. Southern Cattle Co., Marianna, Fla., found such a fit earlier this year at the University of Illinois (U of I).

"The purebred cattle business is an ever-changing environment. We try and keep up with that, and we like to give colleges and universities the chance to keep up as well — hopefully more quickly than they would without infusing new genetics in their herds," says Lamont Ennis, manager for Southern

Cattle Co., which is owned by John Downs. "We are fortunate to have a large gene pool. We can pass on different lines for certain research studies. In the case of the University of Illinois, we passed on genetics from several cow families."

"Southern Cattle Company's gift has enhanced our research opportunities," confirms Doug Parrett, U of I Extension beef cattle specialist. "The donation included 65 elite Angus cows, a top young bull, select embryos and semen from top Angus sires. The gift represents some of the most elite genetics in the breed, especially for carcass characteristics."

Carcass improvements are a current area of focus for the U of I, with research ongoing at South Farms in Urbana, Orr Beef Research Center in Baylis, and Dixon Springs Research Center in Simpson, Ill. Research

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Always consult your accountant

Beef cattle producers historically give cattle to universities not only because of the value the gift brings to research, but because of the tax benefits. University of Illinois (U of I) specialists note that determining the value of the donation is up to the donor, and should be done in conjunction with a tax accountant to make sure the gift is documented appropriately on a tax return.

"In general, livestock gifts and other items of inventory do not trigger gain on contribution to a charity," explains Gary Hoff, U of I Extension taxation specialist. "Instead, the contribution is limited to the donor's income tax basis. The costs of production are deductible as trade or business expenses, regardless of whether the contribution occurs in the year of production or a later year."

Hoff notes that the gift can result in a substantial tax advantage. Since the production costs are deducted on Schedule F, they reduce both taxable and self-employment income. In addition, many producers do not have enough deductions to make itemizing personal deductions advantageous. In such cases, they would receive no deduction for the contribution.

"For some producers, making a charitable contribution in kind, rather than cash, can increase the tax benefit of the gift," he says. "The tax consequences of the gift differ depending on whether the donor is an active farmer or a landlord, too. And if the donor is getting something in exchange, it is no longer an unrestricted gift. This may create issues with the recipient."



► **Above:** With its donation of animals, embryos and semen, Southern Cattle Co. enhanced the ability of U of I researchers to evaluate today's Angus genetics within research focusing on coproduct feed utilization, feed efficiency characteristics in cattle, genomic estimations of cattle performance and carcass traits, fetal programming and management strategies for high-quality beef production.

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includes corn coproduct feed utilization, feed efficiency characteristics in cattle, genomic estimations of cattle performance and carcass traits, fetal programming and management strategies for high-quality beef production.

“Promoting feed efficiency is a priority with Southern Cattle Co. Their interests match nicely with our feed efficiency research,” Parrett says. “With the largest feed efficiency center in the world, we can utilize a different genetic pool with the elite carcass genetics they donated. We have never had more beef research opportunities than we do today.”

In addition, Parrett says U of I beef cattle researchers are working with the American Angus Association on genomics, structured sire testing and cow efficiency testing. Again, the Southern Cattle Co. donation can play a key role.

“Through extensive embryo transfer and artificial insemination, Southern Cattle Company has multiplied a large volume of top-notch genetics representing the entire breed,” Parrett says. “We plan to also investigate Angus genetic defect testing. Some of these elite donor cows are defect carriers. We will manage them so we can work that element into our beef research program.”

Donation insights

The Downs family has an active history of supporting agricultural educational institutions.

Ennis says they have donated to the University of Florida, Mississippi State University, Louisiana State University, Murray State University and several other

schools through the years.

Working with so many universities has provided them with helpful donation insight.

“Producers who want to make a difference with a donation to a university should do some research and see what the university might need before choosing something to give them,” he says. “You need to know not only where you are going with your own program, but where the university is trying to go with theirs.

Universities, like everyone else, operate on a restricted budget. A donation is really only beneficial if they truly need what you want to give them.”

Ennis says another consideration is whether you have genetics that may no longer be of interest or benefit to your program, but might be put to good use elsewhere.

“Sometimes it is not the genetics that are needed at all,” he says. “We donated embryos to a university where breed didn’t matter. The research was about physical changes to the embryo itself, so the resulting calves were to be raised as commercial cattle. When it comes to gifts to universities, my advice to other breeders is to simply donate with the proper motivation.”

Parrett appreciates such sentiments. “We welcome unrestricted use gifts,



► “Producers who want to make a difference with a donation to a university should do some research and see what the university might need before choosing something to give them,” says Lamont Ennis (right), shown here with Southern Cattle Co. owner John Downs. “A donation is really only beneficial if they truly need what you want to give them.”

especially during tough fiscal times, as it allows our program to continue to operate at a high level,” he says. “I can say that in 35 years here, we have always received good animals that are additive to our program.”

Parrett says donations to the U of I have allowed for a number of critical and timely studies. Recent donations include three sets of cows during the last 12 years from Bob Douglas, Robinson, Ill., as well as donations from Three Trees Ranch in Georgia and Shady Brook Angus in Tennessee. Forsythe Cattle Co. in Marshall, Ill., donated 350 cows.

“Donations allow us to expand our base in numbers and give us a real wide-ranging genetic base. We can cull cows that really need to go and upgrade the quality of our herd,” Parrett says.



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