

states on page 2 and 3 that there is an exclusion for the first \$10,000 of gifts, but the total amount of gifts exceeding \$10,000 is considered taxable income. The gift and taxable gift definitions are different. Look them up here: <http://irs.gov/>

Issue 3: Deductible Expenses vs. Capital Depreciation

Farmers can refer to IRS Publication 225 to understand which annual expenses are deductible (<http://www.irs.gov/pub/irs-pdf/p225.pdf>). In general, annual operating expenses are deductible and will offset any crowd funded income. Example: \$5,000 received less \$5,000 in operating expenses equals \$0 in taxable net income. If your proceeds are being put into capital investments (equipment, property or improvements with over