

COMPARE A PRIVATE FOUNDATION vs. A DONOR-ADVISED FUND

If you are thinking of establishing a private foundation, consider the advantages of starting a donor-advised fund at The Community Foundation instead. Due to the public charitable status of community foundations, there are many advantages afforded them. Creating an advised fund saves time and money and reduces the administrative hassles, tax burdens, reporting requirements, and self-dealing restrictions placed on private foundations by the IRS. Compare before you decide:

ISSUES	PRIVATE FOUNDATION	DONOR-ADVISED FUND
SET-UP	Requires IRS application. Takes time. Requires legal assistance. Months	Simple agreement. Uses our tax-exempt ID. One day
INITIAL COST	IRS application fee (\$300+). Legal fees. Expensive	No set up fees at all. Low administrative fee later. No \$ to start
TAX DEDUCTION Cash: Stock (Appreciated):	Up to 30% of adjusted gross income Up to 20% of adjusted gross income Limited charitable deduction	50% of AGI for cash 30% of AGI for stock Greater deduction
INVESTMENT	Must select and monitor. Requires oversight	Huge diversified investment pool, discounted fees, strong returns. Included benefit
REPORTING/ACCOUNTING	Must file annual 990-PF. Requires staff and accounting services. Administrative burdens	All services included. CF does all work and filings
REQUIRED GRANTS	5% pay-out required annually to charity Must make grants yearly	Donor recommends timing and amount. No payout required yearly
TAXATION	Taxed on income from investments. Excise taxes due	No taxation. None due
ASSET SIZE	Requires substantial assets to be cost effective. \$1million+ recommended	Only \$10,000 to open and maintain. Donor decides how much
GRANTMAKING	Must avoid self-dealing and affirm charitable purpose. Study charities. Time and research.	CF staff does all the due diligence. Charitable expertise. Knowledge-brokers. All included!

Contact Donor Relations Manager Lindsey Costello, via email lcostello@foundationhoc.org or by calling (315) 731-3726, for information.