



**If you're considering either starting or recommending a private foundation, here are some things to think about:**

For those who want to make the most of their personal philanthropy, private foundations are certainly one option – but not the *only* option. Private foundations can be expensive, complicated, even burdensome to set up and operate because of the legal requirements involved on both state and federal levels. A Donor Advised Fund at the Community Foundation, however, can usually achieve most, if not all of the same charitable objectives, with far greater convenience and far less expense, while still being equally effective. Consider:

|  | <b>Private Foundation</b>  | <b>Community Foundation Donor Advised Fund</b>  |
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| <b>To establish</b>  | Must set up a corporation or trust, and apply to the IRS for tax exempt status. Can take up to six months or more. | Fund is covered by the Community Foundation's tax exempt status. A fund agreement can be finalized in less than a day.                                |
| <b>Assets</b>  | \$5 to \$10 million is recommended.  | Minimums required: \$10,000 for an unendowed fund; \$25,000 for an endowed fund.  |
| <b>Foundation or fund-related state and federal tax returns required</b> | Yes.   | No. The Community Foundation prepares one return that includes all of its funds.  |
| <b>Deductibility of cash gifts</b>                                       | Up to 30% of adjusted gross income (AGI).  | Up to 50% of AGI.   |
| <b>Deductibility of gifts of stocks</b>                                  | Yes, however.....  | Deductibility at the Community Foundation is generally more favorable than if donated to a private foundation.  |
| <b>Investment and accounting</b>   | Trustees must perform or provide for investment management and accounting services.                                | The Community Foundation handles all investments and accounting.  |
| <b>Excise tax on investment income</b>                                   | May be subject to tax.   | No.   |
| <b>Mandatory minimum payout</b>  | Yes. As much as 5% of average asset value each year.   | No.   |
| <b>General administration</b>  | Trustees must perform or provide for services.   | The Community Foundation provides all administrative and financial management.  |
| <b>Grant administration</b>  | Trustees must perform or provide for services.   | The Community Foundation provides all grant administration and monitoring, plus can provide information about area nonprofits, community issues, etc. |
| <b>Liability and insurance</b>   | D&O insurance, office insurance and employee bonding must be purchased.  | Covered under the Community Foundation's insurance policies.  |
| <b>Confidentiality</b>   | No. IRS Form 990-PF is open to public inspection.  | Yes. An individual fund's asset size, incoming contributions and grants issued are not made public.   |

**For more information about setting up a Donor Advised Fund at the Community Foundation for South Central New York, contact Executive Director Diane Brown at (607) 772-6773.**