



## Comparing Charitable Foundations

### Income Tax Deductions

	Private Foundation	Public Charity	Supporting Organization
Amount Deductible (subject to % limitations)			
• Publicly Traded Stock	Fair Market Value*	Fair Market Value*	Fair Market Value*
• Other Property	Cost Basis	Fair Market Value	Fair Market Value
Percentage Limitations (adjusted gross income)			
• Cash gifts	30 %	50 %	50 %
• Capital Gain Property	20 %	30 %	30 %
• Carry over available	Yes	Yes	Yes

The table above assumes that the donor's income allows for full deductions.

### Operating Rules of the Internal Revenue Code

	Private Foundation	Community Foundation	Supporting Organization
Excise tax on investment income	Yes 1%-2%	No	No
Minimum payout requirements	Yes - 5%	No	No
Restrictions on "self dealing"	Yes	No	No <sup>†</sup>
Restrictions on holding interest in business enterprises	Yes	No	No
Prohibition against grants to support lobbying	Yes	No	No
Restrictions on scholarship and research grants	Yes	No	No
Legal control in grantmaking and investing	Limited only by IRS requirements	Subject to CF's final approval.	Yes
Compensation	Yes	No	Yes

## *Comparing Charitable Foundations Continued*

### **Administration, Accounting and Tax Preparation**

	<b>Private Foundation</b>	<b>Community Foundation</b>	<b>Supporting Organization</b>
Incorporation and tax exempt filing required	Yes	No	Yes
Separate tax return required	Yes	No	Yes
Separate account statements required	Yes	No	Yes
Anonymity & privacy of assets, gifts and grants	No	Yes	No
Liability and risk.	Must be provided by the private foundation.	Community Foundation covers liability and risk.	Must be provided by the SO.
Director & Officer Liability Insurance	Yes	No	Yes
Average annual costs	3% for \$1 to \$10 million foundations; 4.8% for foundations under \$1 million**	ARCF's average annual fee is 1%	Costs are similar to private foundation costs.

### **Primary Advantages**

	<b>Private Foundation</b>	<b>Community Foundation</b>	<b>Supporting Organization</b>
	<ul style="list-style-type: none"> <li>• Control</li> <li>• Family Identity &amp; Independence</li> <li>• Employment of Children</li> </ul>	<ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Deductibility</li> <li>• Permanence</li> <li>• Freedom from Care</li> <li>• Nonprofit Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Deductibility</li> <li>• Separate Board</li> <li>• Family Identity</li> </ul>