



**A R K A N S A S**  
**community foundation**  
 Smart Giving to Improve Communities



## Your Alternative to Private Foundations

For many donors, the burdens of managing a private foundation can overshadow their primary desire to *do good*. A Community Foundation charitable fund offers a welcome option.

Arkansas Community Foundation charitable funds are powerful vehicles for personal, family or corporate philanthropy. Instead of being encumbered with the costs and restrictions of a private foundation, a charitable fund is an affordable, flexible tool that simplifies your giving.

The financial and administrative structure of the Community Foundation ensures the efficiency and impact of your charitable dollars. From managing complex assets to addressing diverse needs, our areas of expertise span the range of challenges faced by charitable individuals. Unlike other providers of charitable funds, the Community Foundation's sole business is philanthropy—free of any other motivation than philanthropic service to our donors, nonprofits and communities. Helping donors identify the best use of their charitable assets characterizes the Community Foundation as your reliable, smart giving resource.

## Get More Out of What You Give

### CONVERT A PRIVATE FOUNDATION INTO A COMMUNITY FOUNDATION FUND

WHAT YOU KEEP	WHAT YOU GAIN	WHAT YOU LOSE
IDENTITY	MORE FAVORABLE TAX STATUS	DISTRIBUTION REQUIREMENTS
CHARITABLE INTENT	PROFESSIONAL INVESTMENT MANAGEMENT	EXCISE TAX
GRANTMAKING	SELECTIVE ANONYMITY	TAX RETURNS AND AUDITS
LEGACY	GRANTMAKING SUPPORT	HIGH EXPENSES

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# COMPARING CHARITABLE FOUNDATIONS

KEY DIFFERENCES	COMMUNITY FOUNDATION FUND	PRIVATE FOUNDATION
LEGAL STATUS	Component fund of the Community Foundation	Separate nonprofit entity
IRS DETERMINATION	Public charity	Private foundation
TAX ON INVESTMENT INCOME	None	1.39% of the net investment income
PAYOUT REQUIREMENT	None	5% of fund balance annually
TAX DEDUCTION LIMITS FOR CASH GIFTS*	100% for 2021; 60% of AGI for gifts to DAFs or SOs	100% for 2021; normally 30% of AGI
TAX DEDUCTION LIMITS FOR STOCK OR REAL PROPERTY GIFTS	30% of AGI	20% of AGI
ADMINISTRATION	All record keeping and accounting carried out by the Community Foundation	Detailed annual filing with IRS
CONTROL	Fund advisors recommend grants to favorite charities	Trustees have complete responsibility for grant and asset management
COST AND TIME TO ESTABLISH	None; can be established immediately	Legal fees and start-up costs can be substantial; typically takes weeks or months to create
FEES	1-2% administrative fee or less, depending on gift size and fund structure	Range from 2.5-4% per year for legal and accounting fees, investment management, staff, etc.
PRIVACY	Names of donors may be kept confidential, and grants can be made anonymously	Must file public tax returns on including grants, trustee names and staff salaries

\*The Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows taxpayers who itemize to deduct cash gifts to public charities and private foundations up to 100 percent of their AGI for tax year 2021. The Act also includes a universal charitable deduction for non-itemizers of \$300 for single filers and \$600 for joint filers. These deductions are not for gifts made to donor advised funds (DAFs) or supporting organizations, but we can create designated funds that qualify for the full deduction.

