



ARKANSAS  
community foundation

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.



# Your **Alternative** to Private Foundations

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

IDENTITY

CHARITABLE  
INTENT

GRANTMAKING

LEGACY

### What You GAIN

MORE  
FAVORABLE  
TAX STATUS

PROFESSIONAL  
INVESTMENT  
MANAGEMENT

SELECTIVE  
ANONYMITY

GRANTMAKING  
SUPPORT

### What You LOSE

DISTRIBUTION  
REQUIREMENTS

EXCISE TAX

TAX RETURNS  
AND AUDITS

HIGH  
EXPENSES

# 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*	60% of AGI for gifts to DAFs or SOs	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

