



COMPARISON: COMMUNITY FOUNDATIONS AND PRIVATE FOUNDATIONS

	<u>Community Foundations</u>	<u>Private Foundations</u>
Tax treatment of cash gifts	Receive deductible of up to 50% of adjusted gross income (AGI).	Receive deductible up to 50% of AGI.
Tax treatment of gifts of appreciated publicly-traded securities	Full market value deduction up to 30% of AGI.	Receive full market value deduction up to 20% of AGI.
Tax treatment of closely held stock or real estate	Receive full market value deduction up to 30% of AGI.	Deduction limited to donor's cost basis, up to 50% of AGI.
Excise taxes	No excise taxes imposed.	Excise tax of 1-2% of net investment income paid annually.
Required payout	No required payout. Can accumulate income toward a sizable project or grant. Has flexibility to hold low yield property.	Required to expend 5% of asset value annually, whether or not the Foundation's investments earn that amount.
Incorporation and tax exemption	Automatically covered by The Community Foundation. Minimal start-up expenses incurred.	Must apply for incorporation, tax exemption and incur various start-up expenses.
Privacy and recognition	Donors are generally recognized for grants disbursed from their fund, or at donor's request kept private. However, individual donors or grants can be kept private. Individual fund assets and grant activity are confidential.	Foundation required to file detailed and public tax returns on all grants, investments, fees, trustee fees, staff salaries, etc. These are public records and are compiled into grant-seeker directories.
Liability and insurance	Automatically covered by The Community Foundation's liability and office insurance policies.	Any director's and officer's liability insurance, employee bonding and office insurance must be purchased separately.
Investment, accounting, audit and tax returns	The Foundation handles all investments and accounting, files annual tax return and provides annual independent audit.	Trustees must perform, contract or hire staff for these services.
General administration	The Community Foundation handles all financial and administrative management.	Trustees must perform, contract or hire staff for these services.
Grant administration	If donor wishes, The Community Foundation can identify potential recipients, investigate applicants, make grant payments and monitor performance.	Trustees must perform, contract or hire staff for these services.
Costs	The Community Foundation's fee for most funds is minimal, usually less than private foundations. 1.5-1.75%	Private foundations of under \$1 million have average costs of 4.8% of assets, and those of \$1 – 10 million have average costs of 3% of assets.