

# Comparing The Community Foundation and Private Foundations

Issue	A Community Foundation Fund	Private Foundation
<b>Tax treatment of Cash Gifts</b>	Deductible up to 50% of adjusted gross income (AGI)	Deductible up to 30% of AGI
<b>Tax treatment of gifts of appreciated publicly traded securities</b>	Deductible up to 30% of AGI	Deductible up to 20% of AGI
<b>Tax treatment of closely held stock or real estate</b>	Deduction for full market value up to 30% of AGI	Deduction limited to donor's cost basis up to 20% of AGI
<b>Excise taxes</b>	Exempt	Excise tax on net investment income annually
<b>Required annual distribution</b>	None legally required. Can accumulate income toward a sizable project or grant.	Required to expend 5% annually regardless of earnings
<b>Incorporation and Tax Status</b>	Automatically covered by the status of Community Foundation	Must apply for incorporation and tax exempt status
<b>Privacy</b>	Can have as much privacy as the donor wishes. Foundation can act as buffer between donor and grant seekers.	The Foundation is required to file detailed tax returns on grants, fees, investments. These are all public record.
<b>Investment, accounting, audit, and tax returns</b>	The Community Foundation handles all these matters including annual independent audit	Private foundation trustees must either perform these functions or arrange for them to be done.
<b>General administration</b>	The Community Foundation handles all administrative functions	Private Foundation trustees must perform, contract, or hire staff for these functions.
<b>Grant administration</b>	The Community Foundation handles this function	Trustees must perform, contract, or hire staff for these services.