

COMPARING THE COMMUNITY FOUNDATION AND PRIVATE FOUNDATIONS

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