

The Community Foundation vs. Private Foundation

ATTRIBUTES	PRIVATE FOUNDATION	FUND AT THE COMMUNITY FOUNDATION MARTIN-ST. LUCIE
Start-up Cost	Legal and accounting incorporation costs	None
Ease and Cost of Establishment	Formation of corporation or trust required. Must apply for IRS tax exempt status (IRS may take six months or longer to process). Legal and application expenses incurred.	One signed document (Fund Agreement); Automatically covered by The Community Foundation's tax exempt status. Simple, no cost.
Minimum Assets to Establish Fund	Varies - \$10 million recommended to justify operating expenses. (Generally, 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.)	No minimum required; \$10,000 suggested
Time Frame	Generally 2-3 months depending on the IRS turnaround time	Immediate – within 24 hours
Tax Status	501 (c)(3) private foundation	The Community Foundation is a 501 (c)(3) and 509(a)(1) public charity.
Excise Tax on Investment Income	Yes	None
Separate annual IRS tax return required	Yes	No
Tax Treatment of Cash Gifts	Up to 30% AGI	Up to 60% of AGI
Tax Treatment of Publicly Traded Securities	FMV of up to 20% AGI	FMV of up to 30% AGI
Tax Treatment of Real Estate & Closely Held Stock	Cost Basis Deduction	Fair Market Value Deduction
Administrative Services	Responsible for accounting, all record keeping, tax returns, grant programs and costs thereof.	All services are covered by a low annual fee, most often 1% or less of fund assets.

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Investment Management	Responsibility of trustees, professional advisors and hired staff – Must divest closely held stock within 5 years or investment will be taxed.	Professional investment management and oversight follows an Investment Policy. Will also work with external wealth managers.
Grant Support	Trustees or hired staff operate grant programs	If donor wishes and dependent on fund size, The Community Foundation staff will help to identify, assess, investigate, distribute and monitor grants.
Liability and Insurance	Any directors' and officers' liability insurance, employee bonding, and office insurance must be purchased separately.	Automatically covered by The Community Foundation's liability and office insurance policies.
Annual Minimum Distribution Requirements	5% of assets	None
Donor Involvement	Donor appoints board, which controls investments and grant-making.	Follows The Community Foundation Fund Agreement as established by the donor to meet their customized needs.
Donor Scope of Responsibility	Legal accountability	Advisory
Possibility of Family Involvement	Yes	Yes
Anonymity	Donors are named publicly on the private foundation's tax return.	Donors may remain anonymous if they choose to do so.
Primary Advantages	Control, independence	Maximum tax deduction, no required annual payout, nonprofit knowledge, flexibility, permanence, simplicity. Anonymity if desired.

**THE
COMMUNITY
FOUNDATION**

MARTIN
ST. LUCIE

772.288.3795 thecommunityfoundationmartinstlucie.org

The Community Foundation offers various types of funds. We welcome the opportunity to meet with you to structure a fund to best meet your philanthropic goals. The Community Foundation always encourages donors to discuss all financial decisions with a financial/professional advisor.