

THE COMMUNITY FOUNDATION: AN ATTRACTIVE ALTERNATIVE TO PRIVATE FOUNDATIONS

	Community Foundation	Private Foundation
Organization	Established 1990	Must create
Tax Exempt	501 (c) 3 status	Must obtain
5% Pay-out Rule	Does not apply	Required
Excise Tax on Investment Income	None	May be subject to tax
Tax Deductibility for Donors	Maximum under law	Lower
Mechanism for Receiving Gifts	Established	Must create
Language for Making Gifts & Creation of Funds	In place	Must create
Sophisticated Gift Instruments (Pooled income, Lead, Annuity, Unitrusts)	In place	Must create
Office	In place	May be needed
Staffing	In place	May be needed
Accounting	Audit conducted each year	Must employ
Tax Return (Attorney General & IRS)	Prepared by CFA	Must prepare
Public Report	Annual report to public	Prepare, print, distribute
Director and Officer Liability	In place	Costly
Theft, Accident, Liability Insurance	In place	Needed
Investment of Assets	Investment Committee and Independent consultants	Need to obtain
Organizational Overhead	Spread over all assets	Start-up investment management costs spread over smaller asset base
Credibility	Wide public acceptance	New organization