



PRIVATE FOUNDATION COMPARISON

How Does a Private Foundation Compare to a Donor Advised Fund?

Points to Consider	Charitable Fund at CFPBMC	Private Foundation
Legal Identity	Component fund of CFPBMC	Separate nonprofit entity
Tax Status	Public charity	Private foundation
Privacy	CFPBMC can protect your identity if you so choose	All information is public record
Tax on Investment Income	None	Up to 2% annually
Annual Payout Requirement	None	Grants must equal 5% of corpus annually
Deductibility of Gifts (AGI = adjusted gross income)	Public charity deductibility: Deductible up to 50% of AGI; gifts of appreciated property deductible (up to 30% of AGI) at fair market value	Deductible up to 30% of AGI; gifts of appreciated property deductible (up to 20% AGI) at cost basis—except publicly traded stock deductible at fair market value
Administration	Simple: All record keeping and accounting carried out by CFPBMC	More burdensome: Require accounting, record keeping and filing with the IRS
Grantmaking Expertise and Other Staffing	CFPBMC assistance to review and monitor proposals	Your professional staff, if any (can employ family members). Subject to self-dealing restrictions

Control	Designated representatives may make recommendations but not control assets or grants	Private foundation's trustees retain control of board, investments, grantmaking and reporting
Start-up Cost	No cost to establish	Includes legal and accounting fees, insurance, office space, staff and miscellaneous expenses
Ongoing Costs	Moderate administrative fee	Ongoing legal and accounting fees, insurance, office space, staff and communication expenses
Self-dealing Rules	CFPBMC provides oversight, therefore private foundation self-dealing rules do not apply	Regulations prohibit most transactions between a private foundation and its donors, related persons and corporations
Investment Flexibility	CFPBMC offers investment strategies based on your grantmaking horizon	Private foundation's trustees retain control of investments, but must divest closely held stock within five years
Liability & Risk Insurance	Provided by CFPBMC	Must be purchased by the private foundation
Continuity	Founder may name successor advisors or set permanent mission	May continue to future generations who may change mission and focus

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