



If you're considering either starting or recommending a private foundation, here are some things to think about:

For those who want to make the most of their personal or organizational philanthropy, private foundations are certainly one option – but not the *only* option. Private foundations can be expensive, complicated, and even burdensome to set up and operate because of the legal requirements involved on both state and federal levels. A fund at the Community Foundation, however, can usually achieve most, if not all of the same charitable objectives, with far greater convenience and far less expense, while still being equally effective. Consider:

	Private Foundation	Community Foundation Fund
To establish	Must set up a corporation or trust, and apply to the IRS for tax exempt status. Can take up to six months or more.	Fund is covered by the Community Foundation's tax exempt status. A fund agreement can be finalized in less than a day.
Assets	\$5 to \$10 million is recommended.	Minimums required: \$10,000 for an unendowed fund; \$25,000 for an endowed fund.
Foundation or fund-related state and federal tax returns required	Yes.	No. The Community Foundation prepares one return that includes all of its funds.
Deductibility of cash gifts	Up to 30% of adjusted gross income (AGI).	Up to 50% of AGI.
Deductibility of gifts of stocks	Yes, however.....	Deductibility at the Community Foundation is generally more favorable than if donated to a private foundation.
Investment and accounting	Trustees must perform or provide for investment management and accounting services.	The Community Foundation handles all investments and accounting.
Excise tax on investment income	May be subject to tax.	No.
Mandatory minimum payout	Yes. As much as 5% of average asset value each year.	No.
General administration	Trustees must perform or provide for services.	The Community Foundation provides all administrative and financial management.
Grant administration	Trustees must perform or provide for services.	The Community Foundation provides all grant administration and monitoring, plus can provide information about area nonprofits, community issues, etc.
Liability and insurance	D&O insurance, office insurance and employee bonding must be purchased.	Covered under the Community Foundation's insurance policies.
Confidentiality	No. IRS Form 990-PF is open to public inspection.	Yes. An individual fund's asset size, incoming contributions and grants issued are not made public.

For more information about setting up a fund at the Community Foundation for South Central New York, contact Executive Director Diane L. Brown at (607) 772-6773.