Marietta Community Foundation

Where good intentions become great accomplishments

Advantages of a Community Foundation vs. a Private Foundation

	Community Foundation	Private Foundation
Ease of Creation	Execution of simple Fund Agreement is all that is required.	Involves creation of a new organization, application for tax-exempt status, and expenditure of time and money.
Tax Benefits	Taxpayer can deduct up to 50% of adjusted gross income for cash gifts. Full market value of gifts of appreciated property is deductible up to 30% of adjusted gross income.	Cash gift deduction is limited to 30% of adjusted gross income. Only the cost basis of certain types of appreciated property is deductible, and deduction is limited to 20% of adjusted gross income.
Accounting & Tax Preparation	No separate tax return to file, and assets are audited as part of the Foundation's annual audit.	Detailed reporting required.
Excise Taxes	No excise tax to pay.	A 1-2% federal excise tax must be paid on net investment income.
Investments	No federal investment requirements, and no equity concentration restrictions other than those established through prudent guidelines.	Certain types of investments prohibited, and the Foundation may not own more than 20% equity interest in a business.
Distributions	Currently, there is no minimum pay-out requirement.	Approximately 5% of net asset value must be paid out for charitable purposes annually.
Anonymity	Donors' names are revealed only to the IRS.	Names and addresses of contributors must be made available to the public.
Prepetuity	Carrying out the donor's charitable intent is an important hallmark of community foundations.	Over time, oversight will change and your wishes may be forgotten.
Staffing	Professional staff can screen giving opportunities and stay abreast of community needs with maximum convenience and low cost.	Any staffing must occur within federally mandated self-dealing rules.

Please always consult your professional advisor as the above information is not intended as legal or tax advice.