

**Advantages of a Community Foundation Fund
vs.
Private Foundation**

	PRIVATE FOUNDATION	COMMUNITY FOUNDATION
EASE OF CREATION	Involves creation of a new organization, application for tax-exempt status, and expenditure of time and money.	A simple Fund Agreement can be set up in as little as one day. No setup fees.
PERPETUITY	Over time, oversight will change and your wishes may be forgotten.	Carrying out the donor's charitable intent is an important hallmark of community foundations.
TAX BENEFITS	<p>Cash gift deduction is limited to 30% of adjusted gross income.</p> <p>Only the cost basis of certain types of appreciated property is deductible, and deduction is limited to 20% of adjusted gross income.</p>	<p>Taxpayer can deduct up to 50% of adjusted gross income for cash gifts.</p> <p>Full market value of gifts of appreciated property is deductible up to 30% of adjusted gross income. (Consult your tax advisor concerning alternative minimum tax implications.)</p>
ACCOUNTING AND TAX PREPARATION	Detailed reporting required, including annual 990-PF.	None required of the donor. Community Foundation handles all reporting, and assets are audited as part of the Foundation's annual audit.
EXCISE TAXES	A 1-2% federal excise tax must be paid on net investment income.	None.

INVESTMENTS	Certain types of investments prohibited, and the Foundation may not own more than 20% equity interest in a business.	No federal investment requirements, and no equity concentration restrictions other than those established through prudent guidelines.
DISTRIBUTION REQUIREMENTS	Approximately 5% of net asset value must be paid out for charitable purposes annually.	No required payout. Donors can make grant recommendations at their discretion or accumulate income toward a sizable project or grant.
GRANT MANAGEMENT	Trustees or hired staff must ensure all recipients are qualified 501(c)(3) organizations	If donor wishes, Community Foundation can identify potential recipients, investigate applicants, make grant payments, and monitor performance.
ANONYMITY	Names and addresses of contributors must be made available to the public. Tax return is public record.	Donors may choose to remain anonymous.
STAFFING	Any staffing must occur within federally mandated self-dealing rules.	Professional staff can screen giving opportunities and stay abreast of community needs with maximum convenience and low cost.

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

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