

FUND OR PRIVATE FOUNDATION COMPARISON

Key Advantages of Creating a Fund at the Montgomery County Community Foundation Over a Private Foundation

	DONOR ADVISED FUND	PRIVATE FOUNDATION
EASE OF CREATION	Execution of a 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	<p>Taxpayer can deduct up to 50% of adjusted gross income for cash gifts.</p> <p>Full value of gifts of appreciated real property is deductible up to 30% of adjusted gross income.</p> <p>Consult your tax advisor for your own personal tax implications.</p> <p>Gifts of appreciated securities to a Fund allow the donor to use market value when establishing his or her deduction.</p>	<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>
ACCOUNTING AND TAX PREPARATION	No separate tax return to file and no excise tax to pay.	Detailed reporting required and a 2% federal excise tax (1% in some cases) must be paid on net investment income.
ANONYMITY	Donors' names are revealed only to the IRS.	Names and addresses of contributors must be made available to the public.
PERPETUITY	The objectives detailed in your Fund Agreement are overseen in perpetuity by community leaders.	Over time, oversight will change and your wishes may be forgotten.
STAFFING	Full-time professional staff can screen giving opportunities and community needs with maximum convenience, at a fraction of the cost.	Full-time staff can be costly and must adhere to complex federally mandated self-dealing rules.