



The Piedmont Community Foundation vs. Private Foundation

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Deciding on how to best implement your charitable gifts is an important decision. You should weigh all options and consult your financial advisors.
 Terms Defined: PCF = Piedmont Community Foundation AGI = Adjusted Gross Income FMV = Fair Market Value

Elements	Donor Advised Fund at PCF	Private Foundation
Start-up Considerations		
Cost	None	Incorporation costs of legal and accounting fees
Time Frame	Immediate, within 24 hours	Generally 1-2 months
Income Tax Deductibility		
Cash	Up to 50% of AGI	Up to 30% of AGI
Publicly Traded Securities	FMV of up to 30% of AGI	FMV of up to 20% of AGI
Real Estate & Closely held stock	FMV of up to 30% of AGI	Limited to cost basis of FMV or up to 20% of AGI, whichever is lower
Payout Requirements		
Foundation assets	None	Required annual payout of at least 5% of assets
Tax Considerations		
Excise tax on investment income	None	Up to 2%- various taxes imposed if payout requirement is not met, or if engaging in certain prohibited transactions
Tax status	PCF is a 501(c)(3) public charity	501(C)(3) private foundation; not as favorable as a public charity
Tax Return & Audits	Included in PCF administrative services	Performed by trustees, officers or hired staff.
Anonymity		
Donor	Donors may remain anonymous if they choose to do so	Donors are named publicly on a private foundation's tax return
Administration		
Administrative Services	All services covered by low annual fee, most often 1% of FMV of fund assets--basic grant services covered	Responsible for accounting, all record keeping, tax returns, grant programs and costs thereof.
Investment Management	Professional investment management and oversight – follows a written PCF investment policy	Responsibility of trustees, professional advisors and hired staff – (Must divest closely held stock within 5 years or be taxed)
Grant Support	PCF staff help to identify, assess, investigate, distribute and monitor grants	Trustees or hired staff operate grant program
Donor Involvement		
Donor	Follows PCF fund agreement as set-up by the donor to meet their customized need -- Distributions to qualified 501 (c)(3) organizations	Donor appoints board, which controls investments and grant-making
Scope	Advisory	Legal accountability
Time Span	Flexible to exist short term or in perpetuity as per the donor	Limited to generational interest.
Summary		
Basic Advantages	Flexibility, deductibility, more net proceeds to your recipient charities, freedom from paperwork, lower administration cost, anonymity option, buffers grant seekers, gain knowledge of nonprofits, permanence, impact philanthropy is possible in union with others of like charitable goals	Autonomous control