

Comparison: The Piedmont Community Foundation and Private Foundations

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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. What is your best option? You may wish to print or save a copy of [this outline](#).

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	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	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 and grant programs.
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 taxed)
Grant Support	PCF staff can help identify, assess, investigate, pay and monitor grants	Trustees or hired staff operate grant program
Donor Involvement	Advisory – follows PCF agreement as per fund set-up by donor -- Distributions to qualified 501(c)(3) organizations.	Legal- Donor appoints board, which controls investments and grant-making
Basic Advantages	Flexibility, deductibility, knowledge of nonprofits, permanence, freedom from paperwork, lower administration cost, anonymity option, buffer grant seekers, impact philanthropy in union with others of like charitable values	Independent control, can hire your children