

# Make the Most of Your Charitable Dollars

Community foundation donor advised funds allow you to benefit immediately from reduced income tax obligations, and perhaps a reduced tax bracket, while allowing yourself the necessary time to give thoughtful consideration to your charitable goals.

Opening a community foundation donor advised fund initiates a number of significant tax benefits:



- An immediate income tax deduction for the current market value of assets contributed to your donor advised fund (a better tax deduction than may be available with a private foundation).
- No capital gain tax on contributions of appreciated assets. There are significant advantages to contributing appreciated assets to charity (stocks, bonds, real estate, closely-held stock). When you contribute these types of assets to your fund, you can deduct their fair market value without incurring any capital gains liability – so you can have more available for your grant making.
- Any income or growth of assets within a donor advised fund is not subject to tax.
- Donor advised fund assets are not subject to estate taxes.

“For it is in giving that we  
receive.”

–St. Francis of Assisi

A contribution to community foundation separates the tax event from the grant-making event, eliminating year-end pressures to make decisions about which charities to support. You can make contributions to community foundation at any time, and then decide – when you are ready – which charities will receive the funds.

Community foundation urges donors to consult their attorneys, accountants or tax advisors with questions relating to deductibility of various types of contributions to community foundation donor advised funds for federal and state tax purposes.

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**Private Foundation vs. Donor Advised Fund**

	Private Foundation	Community Foundation's Donor Advised Fund
Valuation for charitable deduction: closely held stock or real estate	Cost Basis	Fair Market Value
Valuation of publicly traded securities	Fair Market Value	Fair Market Value
Income tax deduction – percentage of AGI, with 5 year carry over	30% for cash, 20% for appreciated assets	50% for cash, 30% for appreciated assets
Excise tax on investment income	1-2% of income	No excise tax
Set up expense	Costly	No set-up fees
IRS approval process	Time consuming	A fund can be established in less than a day
Annual distribution requirement	5%	None
Investment options	Wide range	Wide range
Preparation of tax returns, IRS compliance, accounting, grants management, fiduciary oversight, legal and audit	Donor must arrange for these services	Provided by Community Foundation
Confidentiality	*None – All information is publicly available via form 990-PF	Donor has flexible options: Full recognition, or partial, or full anonymity

\*Private foundations provide little confidentiality. With the advent of the Internet, information is more available than ever. Today, anyone with a computer can access Guidestar ([www.guidestar.org](http://www.guidestar.org)) to gain information on any private foundation, including a scanned version of its 990-PF. Available information includes balance sheet detail (including investment holdings, a listing of directors (including contact information), every grant that is made (organization name and amount), and detail of administrative and investment management expenses.