Why choose Fairfield County's Community Foundation

Ten reasons why establishing a charitable fund with us can be more advantageous than creating a private foundation

1. It's easy and inexpensive to establish a fund. When you want to establish a private foundation, you're required to create a new organization, apply for tax-exempt status, pay filing fees and incur legal and accounting expenses.

2. You can deduct a gift of cash to a charitable fund up to 60% of your Adjusted Gross Income (AGI). A gift of cash to a private foundation allows you to deduct up to 30% of AGI.

3. By creating a charitable fund, you may deduct gifts of closely held long-term appreciated stock at its fair market value, up to 30% of AGI. If the same gift is given to a private foundation, deductibility may be limited to its cost basis up to 20% of AGI.

4. No tax is imposed on the investment income of a charitable fund because it is a component of a public charity. A private foundation pays up to 2% federal excise tax on its investment income and net realized capital gain.

5. You can give anonymously. A private foundation must make available to the public the name and address of any substantial contributor.

6. There are no minimum distribution requirements for a charitable fund at a community foundation. A private foundation must annually distribute at least 5% of its net investment assets, regardless of whether the amount is actually earned.

7. There are fewer restrictions on a charitable fund. For private foundations, however, there are strict regulations regarding self-dealing between the foundation and those who manage, control, or contribute to it and persons or corporations closely related to them.

For example, a private foundation, along with its donor and other "disqualified persons" (including members of the board and staff), may not hold more than 20% of a related corporation's voting stock.

8. There are fewer investment restrictions on a community foundation's funds. A private foundation may not make certain types of investments. For example, a community foundation may hold more than a 20% ownership in a particular corporation, but private foundations may not.

9. There are fewer IRS reporting requirements on community foundation grants and funds, and requirements that do exist are handled by the foundation's staff at no extra charge to individual donors.

10. Charitable gifts to a community foundation fund are almost always considered "public support," and helping the recipient charity retain its public charity status. A private foundation grant is usually not considered "public support" in its entirety, and may not be as helpful to the recipient charity in retaining its public charity status.

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Fairfield County's Community Foundation
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