

## How Supporting Organizations Compare

| Attributes  | Private Foundations   | Supporting Organizations   | Donor-advised Funds  |
|---|---|--|--|
| <b>Amount deductible</b>  |   |  |  |
| Publicly traded securities  | Fair Market Value (FMV)   | FMV  | FMV  |
| Other appreciated property  | Limited to cost basis   | FMV  | FMV  |
| <b>Percentage limitations (% of Adjusted Gross Income) AGI</b>  |   |  |  |
| Cash gifts  | 30%   | 50%  | 50%  |
| Appreciated property  | 20%   | 30%  | 30%  |
| <b>Other considerations</b>   |   |  |  |
| Excise tax on investment income   | 1-2%  | None   | None   |
| Excess business holdings limitations  | Yes   | No   | Yes  |
| Donor control   | Legal control   | Appoint minority of board members  | Advise as to grants, investment and succession   |
| Anonymity   | No – Must file detailed tax returns on grants, investments, fees, salaries, etc.  | Limited  | Yes – Donors and grants can be private; Community Foundation can serve as a buffer between donor and grantseekers  |
| 5% Distribution requirement   | Yes   | No   | No   |
| Incorporation, Tax Exemption, Audit/Tax Returns, Directors/Officers Insurance, Grants Management, Investment Management, Compliance | Responsible for all functions; foundations less than \$3 million have expenses ranging from 3-5% decreasing as the assets grow larger | Attached to Community Foundation; fees are generally between private foundations and donor-advised funds | Community Foundation handles all administration for a tiered fee with annual minimums; fees range from .50-1% (Investment fees are assessed separately and average around 70-100 basis points) |
| <b>Primary advantages</b>   |   |  |  |
|   | Control; independence; family identity; employment of children  | Deductibility; separate board; family identity; more apparent control; ability to hire staff             | Deductibility; nonprofit knowledge; flexibility; permanence  |
| <b>Minimum annual administrative fee</b>  |   |  |  |
|   | Can be up to 5%   | .5% (minimum of \$50,000)<br>Negotiated fee for service  | \$1,000-Essential services<br>\$2,500-Personalized philanthropic services<br>\$5,000-External Investment Manager   |