

Community Foundation Southwest Louisiana Private Foundation Alternatives

	CFSWLA Donor Advised Funds	Private Foundations
Creating the Fund	Established at CFSWLA	Nonprofit corporation or trust independently organized as a private foundation
Tax Exempt Status	Shares public charity status of CFSWLA	Must apply for private foundation tax-exempt status from IRS
Start-Up Costs	No cost to donor	Full corporate start-up costs including: legal, accounting and filing costs
Time-Frame	Immediate	Several months
Charitable Deductions	<ul style="list-style-type: none"> • Up to 60% of AGI for cash • Full market value, up to 30% of AGI for appreciated securities 	<ul style="list-style-type: none"> • Limited to 30% of AGI for cash • Limited to 20% of AGI for the full market value of publicly traded securities • Limited to 20% of AGI for cost basis only of most other property
Donor Control	Donor holds advisory powers over grant recommendations; final decision made by CFSWLA	Donor may retain control over investments and grantmaking as a board member, subject to IRS requirements
Mandatory Distributions	Do not apply	Requires a minimum annual distribution roughly equal to 5% of assets
Grantmaking Program	Provided by CFSWLA	Must establish and/or obtain these services
Management Annual Costs	Blended rate on annual value of funds	Administration can be costly
Annual Taxes	None	Subject to excise tax of up to 2% of net investment gain, including net capital gains
Annual Tax Filings and Returns	Separate tax filings not required – assets included in the CFSWLA annual filings	Must be filed by the private foundation with required supporting schedules
Investments	Fund assets are professionally invested with JP Morgan Private Bank and Goldman Sachs through CFSWLA	Must research and secure its own investment vehicles
Minimum Contribution	\$10,000	None, but small private foundations may not be cost-effective

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Fees	Based on size of fund, declining for larger funds: 1% annually for the first \$999,999; .75% annually from \$1 million to \$4,999,999; .50% annually over \$5 million	Varies with choice of board and level of services required (typically 2.5% to 6% per year)
Reporting	Information included on reports filed by CFSWLA so no separate reporting required	Annual tax return, including detailed financial schedules, filed by private foundation