

We work with individuals and families who may be considering establishing a private foundation. We will candidly discuss the advantages and disadvantages of setting up a private foundation versus a family foundation/donor advised fund in the Community Foundation. Often, the costs, ongoing administrative burdens, quarterly tax payments, mandatory payout rates and reduced tax benefits of creating a private foundation encourage many individuals and families to search for an alternative.

Establishing a donor advised fund at the Community Foundation of North Texas often accomplishes your charitable goals more efficiently and effectively. Your fund at the Community Foundation may be endowed, partially endowed, or fully expendable, depending on your long range goals.

Things to Consider	Using CFNT	Creating a Private Foundation
Organization	Established (1981)	Must establish
Tax Exempt	501(c)(3) Status	Must establish with IRS
Funds Required	\$25,000 minimum	Experts recommend \$10 million minimum
Selection of Grantees	Donor, family or his/her advisory committee recommends grantees via Donor Central	Donor specifies grantees
Tax Deductibility of gifts	a) Up to 30% of donor's Adjusted Gross Income (50% with cash donation) b) Excess may be carried over for five years	Limited to 20% of donor's AGI (30% with cash donation)
Federal approvals, restrictions and special taxes	a) Approved by IRS b) No payout requirement c) No federal excise tax	a) Must receive IRS approval b) IRS requires 5% of assets to be paid out annually c) Fund is charged 2% federal excise tax on income unless strict requirements are met d) Greater incidence of IRS field audit
Legal documents for creation of foundation, designation of funds & grant awards	In place	Must create
Office	In place	May need to obtain
Staffing	In place	May need to obtain
Accounting	In place	Must obtain
Tax Return (state and federal)	CFNT prepares as part of services	Must prepare
Public Report	Report to public made annually	Must prepare reports for the general public
Knowledge of Potential Grantees	CFNT provides as needed	Must develop
Grant Evaluation Process to Ensure Donor's Intent Satisfied	In place, easy and convenient	Must develop
Public Recognition for Donor	Fund may be named or anonymous or even done as a memorial. We publicize grants made from funds, if desired	Must provide or rely on grantee organization
Director/Officer Liability Insurance	In place	Must obtain
Investment of Assets	Investment Committee oversees investment policies	Must establish policies & select investments; ensure
Organization Overhead	.0085 annual administrative fee up to \$10 million; tiered above \$10 million depending on the services provided	Some costs, depending on donor choices; plus 2% federal excise tax on investment income

For more information, please talk with your attorney or accountant or contact
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- Assets of the Community Foundation of North Texas are \$150 million, comprised of 162 funds.
- Administrative fee on donor advised funds: .0085 annually, assessed on average monthly fund balance. \$212.50 minimum annual administrative fee.
- Investment options include choice of cash equivalent, balanced and endowment asset allocations. Assets are commingled for investment purposes.
- Minimum fund size: \$25,000
- Median fund size: \$450,000
- The Community Foundation is governed by a 19 member governing board.

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