



Comparison of Charitable Funds & Private Foundations

As an alternative to a nonoperating private foundation, charitable funds are a flexible way for you to manage your charitable giving, creating an enduring, multi-generational family legacy with maximum impact.

Items to Consider	LVCF Charitable Fund	Private Foundation
IRS Charitable Status	Automatically shares public charity tax exempt status of LVCF.	Must apply for private foundation tax exempt status from the IRS. IRS may take 6 months or longer to process.
Start-up	Established at LVCF with a single signed fund agreement. Minimum contribution of just \$10,000.	Nonprofit corporation or trust organized as a private foundation. Typically requires \$1 million or more.
Start-up Costs	LVCF typically does not charge “start-up fees.”	Similar to corporate start-up requiring substantial legal, accounting, and operational start-up costs.
Tax Treatment: Cash Gifts	Deductible up to 60% of adjusted gross income (AGI).	Deductible up to 30% of AGI.
Tax Treatment: Appreciated Publicly-Traded Stock, Held >1 year	Full market value deductible up to 30% of AGI.	Full market value deductible up to 20% of AGI.
Tax Treatment of Closely Held Stock or Real Estate	Full market value deductible up to 30% of AGI.	Deduction limited to cost basis, up to 20% of AGI.
Grantmaking	Donor may either recommend grant recipients at any time (“donor-advised”) or specify grantmaking interest at fund establishment (“designated” or “area of interest”). No min. distribution requirements.	Donor retains control over grantmaking decisions, subject to IRS requirements. Required to make annual charitable distributions of at least 5% of asset value. Penalty tax is 30% of undistributed amount.
Administrative Concerns	Operations, tax filings, and investment management services provided through LVCF.	Generally requires personnel for operations, tax filings, and investment management.
Annual Costs	Generally less than 2% of fund value.	All support functions are staffed and financed independently.
Annual Taxes & Filings	Included in LVCF's annual reporting. No taxes except UBIT on certain gifts of complex assets.	Tax of up to 2% of net investment income. Excise taxes on certain prohibited activities and undistributed income. Returns must be filed.
Privacy	Individual donor’s fund assets size, gifts, & grants are kept private and confidential. If a donor wishes, LVCF can serve as the buffer between donors and grant-seekers.	Detailed tax returns are filed with data on grants issued, investment fees, trustee fees, staff salaries, etc. These returns are public records and can be compiled into grant-seeker directories.
Investments	Fund assets are professionally invested and monitored through LVCF.	Complete responsibility for all investment related activities.
Fiduciary Responsibility	LVCF fulfills the associated fiduciary responsibilities.	The private foundation board has full fiduciary responsibility.

This comparison is not intended to provide legal advice. Please consult with legal counsel to fully explore the creation of a private foundation.