



COMMUNITY FOUNDATION—PRIVATE FOUNDATION COMPARISON

Comparison	Fund at Community Foundation (endowed or non-endowed)	Private Foundation
IRS charitable status	Created by a simple form at the Quad Cities Community Foundation (QCCF). Automatically covered by the Community Foundation's 501(c)(3) tax exempt status.	Professional advisor(s) required to create foundation. Corporation or trust required. Must secure tax-exempt status using Form 1023 (may take six months or longer to process).
Separate annual IRS tax return required	No.	Yes.
Privacy	<p>Yes.</p> <p>Fund information is kept private and confidential. No public disclosure of grants or donations is required.</p> <p>Donors are generally recognized as grants are disbursed, but grants may be made anonymously. If a donor wishes, the Community Foundation can serve as the buffer between donors and grant-seekers.</p>	<p>No.</p> <p>Must file IRS Form 990-PF which is open to public inspection. Private foundations are required to file detailed tax returns on grants issued, investment fees, trustee fees, staff salaries, asset size, etc. These are public records and are often compiled into grant-seeker directories.</p>
Investment, accounting, audit and tax returns	The Community Foundation handles all accounting, investments, files annual tax returns and provides an annual independent audit.	Trustees must perform, contract or hire staff for these services.
Governing body	<p>Advisor may be the founding donor or may be a committee of family members and/or others.</p> <p>Successive generations may participate in future giving.</p> <p>To maintain IRS compliance, Community Foundation will approve all grants and administrative matters.</p>	<p>Governing body may consist of donor and related persons.</p> <p>Governing body members are liable as Directors.</p> <p>Governing body must approve all grants and administrative matters.</p>

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Endow Iowa Tax Credit eligibility	Permanent fund may be eligible for up to 25% Iowa tax credit in addition to the federal income tax deduction and in lieu of the state income tax charitable deduction.	Not eligible.
Tax treatment of cash gifts	Deductible up to 60% of adjusted gross income (AGI).	Deductible up to 30% of AGI.
Tax treatment of gifts of appreciated publicly-traded securities	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 or cost basis up to 50% of AGI.	Deduction limited to donor's cost basis, up to 20% of AGI.
Minimum payout requirements	Can accumulate toward a sizable project or grant with no legally required annual payout.	Yes. Minimum 5% of average asset value each year under IRS Section 4942. Must meet the minimum distribution rules whether or not the private foundation's investments earn that amount.
Excise tax on investment income and net realized capital gains	None.	Generally, 2%; may be reduced to 1% under special circumstances.
Self-dealing rules	Not applicable.	Strict prohibition under IRS Section 4941.

For more information about establishing a fund at the Quad Cities Community Foundation, email development@qccommunityfoundation.org or call (563) 326-2840.

Funds at the Quad Cities Community Foundation are subject to rules and requirements of the IRS. All donors should consult with their tax advisors to review their individual circumstances.