

Comparison of Giving Options

The chart on the next pages provides a summary comparison of the major types of charitable giving options. The chart is meant to offer basic summary information and is not a substitute for professional counsel; we encourage you to discuss details with your legal and financial advisors.

Foundations and Their Alternatives

	Private Foundation	Private Operating Foundation	Public Charity	Donor-Advised Fund	Supporting Organization
Type of Entity	Separate nonprofit entity, often named for the founder or family. Prohibitions against self-dealing, failure to distribute income, and jeopardy investments. Must distribute at least 5% of its assets each year.	Separate nonprofit entity, often named for donor's family. Bulk of assets and income devoted to providing a charitable service to end users.	Must enjoy broad public support. Provides charitable programs and services to end users.	Component fund within a public charity. May be named for the founder or family. Generally no minimum distribution required.	Supports a public charity. Usually created by one donor or family. Treated generally as a public charity for tax purposes. Payout requirements vary with type.
Tax Benefits	Deduction limited to 30% of adjusted gross income (AGI) for cash gifts. Deduction for gifts of appreciated property is limited to 20% of AGI for "qualified appreciated stock" (i.e., publicly traded stock). Deduction limited to basis for closely held stock.	Deduction to 50% of AGI for cash contributions. Deduction at fair market value for gifts of appreciated property up to 30% of AGI.	Deduction to 50% of AGI for cash contributions. Deduction at fair market value for gifts of appreciated property up to 30% of AGI.	Deduction to 50% of AGI for cash contributions. Deduction at fair market value for gifts of appreciated property up to 30% of AGI.	Deduction to 50% of AGI for cash contributions. Deduction at fair market value for gifts of appreciated property up to 30% of AGI.

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Foundations and Their Alternatives, Cont'd

	Private Foundation	Private Operating Foundation	Public Charity	Donor-Advised Fund	Supporting Organization
Control	Full control as allowed by law: Founder and family may have more than 50% of the votes on the board. Typically a private foundation must refrain from carrying on its own charitable activities. Grants are generally made to public charities.	Full control as allowed by law: Founder and family have more than 50% of the votes on the board.	Public, not private, control. Generally provides programs and services to end users.	Family gives advice on grants to public charities. Donors' wishes are generally respected. Community advisors or staff can be advisors or asked to be decision makers with the donor families. Investment options are limited to those provided by the sponsoring organization.	Influence short of control. Donor and family may sit on the board, but the supporting charity must have majority control on the board. The organization may conduct its own activities on behalf of the supported organizations. Investment decisions may be made by the supporting organization's board of directors.
Administration	All record keeping and administration done by the foundation.	All record keeping and administration done by the foundation.	All record keeping and administration done by the public charity.	All record keeping and administration done by the sponsoring organization. Depending on the level of research or support, fees may be added accordingly.	May be negotiated with the charity supported.

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Foundations and Their Alternatives, Cont'd

	Private Foundation	Private Operating Foundation	Public Charity	Donor-Advised Fund	Supporting Organization
Cost of Set-up	Costs vary: \$7,000 to \$10,000 is an estimate based on foundation size and complexity. Costs are always borne by the donor or family members.	Costs vary: \$7,000 to \$10,000 is an estimate based on foundation size and complexity. Costs are always borne by the donor or family members.	Generally more difficult to set up because it requires broad public support. Strategies must be established to generate that support.	Often no specific setup charge. Sponsoring organization may charge ongoing fees within the fund.	Estimated at \$7,000 to \$10,000. May cost more than a comparable private foundation, but it may be possible to shift some cost to charities that are supported.

Note: Rules in this area are complex and constantly changing. For tax and legal advice, donors should always consult with qualified tax and legal professionals. Additional information on costs and operational considerations can be found at the Toolkit for Giving, at www.minnesotagiving.org/options/summary.htm.