

# Compare These Approaches to Giving

Discover the Benefits of Working *through* Marion Community Foundation



	Community Foundations	Private & Family Foundations	Commercial Gift Funds
Establishing a Fund	A community foundation fund can be established quickly and efficiently with simple documents.	Establishing a new foundation requires on-going legal, accounting, and operational expenses.	Sponsors of commercial gift funds are generally not located in your community. Direct contact may be difficult due to their size.
Tax Exempt Status	Marion Community Foundation is a public charity with 501(c)(3) status and is fully tax exempt.	Private foundations are private charities.	Public charity covered under nonprofit status or corporate entity's charitable subsidiary.
Tax Treatment of Cash Gifts	Tax deduction of up to 50% of Adjusted Gross Income	Tax deduction of up to 30% of Adjusted Gross Income	Tax deduction of up to 50% of Adjusted Gross Income
Tax Treatment of Appreciated Publicly Traded Securities	Tax deduction of 100% of fair market value up to 30% of Adjusted Gross Income	Tax deduction of 100% of fair market value up to 20% of Adjusted Gross Income	Tax deduction of 100% of fair market value up to 30% of Adjusted Gross Income
Tax Treatment of Appreciated Closely Held Stock	Tax deduction of 100% of fair market value up to 30% of Adjusted Gross Income	Tax deduction generally limited to cost basis up to 20% of AGI	Tax deduction of 100% of fair market value up to 30% of AGI, but closely held stock usually not accepted.
Tax Treatment of Real Estate Gifts	Tax deduction of 100% of fair market value up to 30% of Adjusted Gross Income	Tax deduction generally limited to cost basis up to 20% of AGI	Real estate usually not accepted.
Annual Tax Returns	Individual funds are not required to file. Marion Community Foundation handles all reporting, prepares and files all tax reports to the IRS, and provides an annual independent audit.	Must file Federal 990-PF & supporting schedules, which indicate staff salaries, investment performance, fees, etc. Trustees must perform or contract these services.	The commercial gift fund is responsible for filing annual tax returns.
Investments	A diversified portfolio and economies of scale offer cost-efficiencies and minimize risks. Marion Community Foundation works with investment managers; its Investment Committee provides experienced oversight.	Selection of investment strategies and professional fund advisors can become a time consuming responsibility for a private foundation's board of trustees.	Donors may choose from among firm's investment pools. In some cases, donor's investment advisor can manage assets.
Administrative Expertise	Marion Community Foundation provides expertise to donors for gift management and fund administration issues.	Must hire staff or Board members to carry out administrative tasks	Varies.
Grantmaking Distributions & Requirements	Marion Community Foundation considers assets on a rolling multi-year basis and grants accordingly to protect principal and the future grant distribution capacity of endowed funds.	Subject to excise taxes and 5% grant distribution requirements.	Payout requirement varies; some require a minimum of 5% of the fund's net assets on a five-year rolling basis.

	Community Foundations	Private & Family Foundations	Commercial Gift Funds
Donor Involvement in Grantmaking	Donor recommends grants to qualified nonprofits or has Marion Community Foundation handle all grantmaking. Grants are approved by Marion Community Foundation.	Donor appoints Board, which controls investments and grantmaking.	Donor recommends grants to qualified nonprofits. Grants are approved by trustees of the gift fund.
Grantmaking Support	Professional staff is available to assist donors by identifying community needs and opportunities, assessing grantees, verifying grantee nonprofit status, and conducting research and program evaluation to ensure maximum community impact.	Donors must arrange and support their own grantmaking and monitoring structure. Requires extensive time to review proposals, investigate community needs, confirm status of grantees, and evaluate previous distributions.	Varies. Most do not have professional grantmaking experience. Minimum due diligence is provided to ensure grants are used as donor intended by the grant recipients. The attention given to each fund may be outweighed by the large number of funds administered.
Flexibility	As a public entity, Marion Community Foundation's organizational structure is purposely designed to allow greater flexibility to respond to and meet emerging needs and opportunities in the Marion community.	Expensive and lengthy legal proceedings may be required to change the purpose(s) of a private foundation.	Typically provide limited options in their charitable product offerings.
Accountability	Marion Community Foundation obtains an independent audit each year. Publication of an annual report and thoughtful selection of our Board members ensures that funds are used in the best interest of the Marion community.	Laws and regulations governing private foundations differ greatly from those of public charities and may require expensive, specialized legal and finance expertise.	Commercial gift funds may or may not have an annual audit requirement.
Privacy	Individual donors or grants remain anonymous. If the donor wishes, Marion Community Foundation can serve as a buffer between the donor and grantseekers.	Required to file tax returns on grants, investment fees, staff salaries, etc. These are public records and are compiled into grantseeker directories with the names and addresses of substantial donors and details of donations.	Donors may remain anonymous.
Ongoing Costs	Pooled administration: An annual fee (calculated as a percentage of the fund's principal) supports Marion Community Foundation's charitable work in the community, as community foundations are nonprofit entities and have no shareholders or private investors.	Can be several thousand dollars for legal, accounting, and filing fees.	Varies.

*Note: Policies and laws governing charitable gifts are subject to change. Examine carefully the policies that apply when you create a fund or foundation. We encourage you to discuss your plans with your professional advisors.*



**For additional information, contact us:**  
 740-387-9704  
 info@marioncommunityfoundation.org  
 www.MarionCommunityFoundation.org  
 504 South State Street, Marion, Ohio 43302



Excellence. Accountability. Impact.™