

Private Foundation or a Community Foundation Fund?

If you are considering establishing a private foundation, check out this simpler, less expensive alternative first.

You'll find Waccamaw Community Foundation (WCF) offers benefits that private foundations can't offer, including a more favorable tax status and no minimum annual payout requirement. WCF can have a charitable fund up and running in as little as one day without all of the expense and time it takes to establish *and maintain* a private foundation.

WCF minimizes the paperwork and administrative hassles, allowing your client to focus on the joy of giving today, and in perpetuity.

Here is a real-life example:

When Harry Parnell lost his wife, Marti, after a brief illness, he was devastated. His dream, based on Marti's last wish, was that the medical community be made more aware of the symptoms of the rare Signet Ring Cell Cancer from which Marti suffered. Her hope was that at least one person's life might be saved through early diagnosis and treatment!

Immediately upon Marti's passing, Harry Parnell vigorously looked into establishing a private foundation to fund this cause. However, Harry quickly discovered that it would take significant time, resources and energy to get his "foundation" up and running. He became discouraged. Then he heard about the Waccamaw Community Foundation and learned he could establish a charitable fund, in just one day, that that would serve the same purpose as a private foundation, without the tremendous resources and time necessary to establish a private foundation. With WCF's help, the "Marti's Wish" Fund was immediately established. Just weeks later, the "Marti's Wish" Fund made its first grant to the Medical University of South Carolina (MUSC) to educate a team of doctors about the symptoms and early treatment of this rare cancer.

The public has also been able to contribute to the Marti's Wish Fund (something they would not have been able to do if Marti's Wish had been established as a private foundation). It is also anticipated that legacy gifts will flow to "Marti's Wish" in the future, further enabling the Fund to provide perpetual health-related initiative grants to improve the lives of others -- generation after generation.

(See reverse for key differences)

	STARTING DONOR-ADVISED FUND AT WCF	STARTING A PRIVATE FOUNDATION
Ease of Creation	As little as 1 day	Normally, 12-18 months
Start-up costs (legal & accounting)	None	Typical costs of creating a corporation (legal, accounting, etc.)
Annual costs	Generally 1-2% annually based on assets in fund, or lower depending on balance in fund. (Min. annual fee \$500)	Extensive administrative, legal and investment costs
Initial gift minimum	\$5,000	\$30 million recommended
Annual tax filings and returns	Not required (part of WCF annual reporting)	Must be filed by private foundation staff
Federal & state taxes	A fund at WCF is exempt from federal and state taxes	Subject to federal tax of up to 2% annually on invested income
Record keeping / accounting / staffing	Provided at no additional cost by WCF professional staff	Private foundation must hire staff or purchase staffing services
Distributions	None	Yes - 5% annually required
Governance & oversight	WCF board of directors	Private foundation board
Grantmaking information on community issues	Yes, if donor desires	None, must hire private foundation staff
Anonymity	Yes, donor can choose anonymity both in giving and grantmaking	No
Donor control of distributions	WCF carries out donor's wishes via grant recommendations form	Subject to private foundation's board
Ability to give to multiple nonprofits and causes	Yes	Yes
Investments	Active board oversight, record of long-term growth by top-tier investment managers	Private foundation staff must oversee, management could be costly, depending on assets
Perpetuity	Carrying out the donor's charitable intent is an important hallmark of community foundations	Over time, oversight will change and your wishes may be forgotten