

OPTIONS FOR CHARITABLE GIVING

This chart summarizes key differences between the Community Foundation for Southeastern Michigan's donor advised funds, supporting organizations to the Community Foundation, private foundations and public charities. Each fund at the Community Foundation is tailored to the donor's wishes.

	CFSEM Donor Advised Funds	CFSEM Supporting Organizations (Type I)	Private Foundations
Tax Status	Derives "public charity" 501(c)(3) status, and qualifies for 170(b)(1)(A)(vi) "public support" requirements from its relationship with CFSEM.	Derives "public charity" 501(c)(3) status, and qualifies for 170(b)(1)(A)(vi) "public support" requirements from its relationship with CFSEM.	Must apply to IRS for private foundation tax-exempt status. Does not qualify as a "publicly supported" organization.
Start-Up Costs	None	Costs kept to a minimum through collaboration with CFSEM.	Several thousand dollars for legal and accounting expenses and filing fees.
Start-Up Time	Immediate	Independent corporation can be formed within a few days. Must file for IRS approval.	Form independent corporation. Must file for IRS approval.
Minimum to Start a Fund	\$10,000	\$5 million or more recommended.	Many advisors suggest \$2 - \$10 million needed to be cost-effective.
Annual Expenses	Approximately .5 percent of assets for administrative fees and up to approximately .5 percent for investment expenses for permanent funds. Administrative fees for nonpermanent funds tiered (1.0 percent or less) based on the size of the fund and investment expenses based on investment pool used by fund.	Fees established based on activities plus actual investment costs other services available at actual cost or below-market hourly rates. Directors and Officers insurance provided.	Annual tax returns and audit required. Grantmaking and administrative support must be staffed independently. Separate investment and Directors and Officers insurance costs.

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Annual Taxes	None	None	Excise tax of up to 2 percent of net investment income, including net capital gains. Other excise taxes may apply if certain annual tests are not met.
Annual Distribution Requirements	None	None	At least 5 percent of net asset value annually.
Administrative Duties	None	Annual tax returns and audit prepared and filed by CFSEM. All state filings provided by CFSEM.	Annual tax return, including detailed financial schedules; possible audit. May need separate solicitations license.
Maximum Annual Tax Deduction <i>cash</i>	Up to 50 percent of adjusted gross income.	Up to 50 percent of adjusted gross income.	Up to 30 percent of adjusted gross income.
Maximum Annual Tax Deduction <i>appreciated long-term securities</i> (publicly traded)	Fair market value up to 30 percent of adjusted gross income.	Fair market value up to 30 percent of adjusted gross income.	Fair market value up to 20 percent of adjusted gross income.
Tax Deduction <i>long-term real estate & closely held securities</i>	<i>Fair market value</i> up to 30 percent of adjusted gross income.	<i>Fair market value</i> up to 30percent of adjusted gross income.	Deductible at <i>cost basis</i> up to 20 percent of adjusted gross income.
Grantmaking Support & Due Diligence	Professional staff is available to answer questions, offer suggestions about community needs and the effectiveness of nonprofit organizations, and to meet due diligence requirements. Educational and joint grantmaking programs available.	Professional staff is available to answer questions, offer suggestions about community needs and the effectiveness of nonprofit organizations, and to meet due diligence requirements. Educational and joint grantmaking programs available.	Donors must arrange their own grantmaking and monitoring structure.

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Geographic Limitations	None	None	None
Anonymity	Donors may remain anonymous.	Board members listed on tax return. Donors may remain anonymous.	Donors are named on the tax return.
Investment Restrictions	Donors may suggest investment style. Investment decisions made by Trustees. Funds over \$1 million may have separate investment counsel.	Board may exercise complete control over investments. All actions are monitored for self-dealing.	Board has complete control over investments. All actions are monitored for self-dealing. The private foundation and those individuals associated with it may be subject to penalty taxes for improper actions.
Donor Control	Advisory privileges over grant recommendations.	May appoint minority of governing board of supporting organization.	Complete control over investments and grantmaking, subject to IRS requirements.

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