TULSA COMMUNITY FOUNDATION
America's most generous city®

TCF vs. Private Foundation

Establishing a Donor Advised Fund (DAF) or Supporting Organization (SO): *Offers **greater tax benefits** and **eliminates most administrative tasks**. See below, the advantages of maintaining a DAF or establishing a supporting organization (SO) rather than creating and managing a private foundation.*

	Fund at TCF (DAF) or Supporting Org (SO)	**Maintaining private foundation (PF)**
Tax Deductibility	Tax deduction of up to **60%** of Adjusted Gross Income (AGI) for cash gifts; **30%** for long-term appreciated stock/assets. ***Deductions typically at fair market value.***	Tax deduction of up to **30%** of AGI for cash gifts; **20%** for publicly-traded stock. **Deductions limited to cost basis only in some instances – real estate, closely held stock, etc.**
Incorporation and Tax Exemption	A DAF is a component fund at TCF, thus exemption and incorporation are covered. TCF can prepare and files forms with IRS for SOs, at cost.	Must apply for incorporation, tax exemption. Will incur legal and other start-up expenses.
Advance Funding	Secure a charitable deduction when the time is right and minimize the tax burden by "advance funding" future gifts.	Advance funding is allowed, but funds donated to the PF are subject to excise tax rules and minimum distribution requirements (below).
Receipts and Administration	A single gift to a DAF or SO simplifies charitable giving by eliminating the donor's requirement to collect multiple charitable receipts to substantiate deductions. TCF handles all grantmaking and administration.	The private foundation must maintain necessary records that support all of the charitable gifts it makes to nonprofits (charity).
Privacy	For a DAF, Fund assets and grant activity is confidential, known only to the fund's advisors and select members at TCF. For an SO, records are publicly available via a Form 990.	Foundation is required to file detailed annual IRS 990PF on all assets, contributions and grants. These are public records available for public inspection and review.
Excise Taxes	**No excise taxes** imposed.	**Excise tax of 1-2 %** of annual net investment income, including net realized capital gains.
Annual IRS Tax Returns	TCF provides for DAF (component fund) under its 990 filing; and TCF can provide for SO.	A private foundation must file an annual tax return and incur fees for an audit and the tax filing.
Required Payout	**No required payout**, although, distributions are expected and encouraged. Can accumulate income while grant decisions are being considered/investigated. Very flexible.	**5%** of asset value required to payout annually – whether or not the foundation's assets earn 5%.
Regulatory Oversight	Fewer restrictions, treated as a public charity.	Highly regulated, subject to stricter compliance.
Investment, Accounting, Audit and Tax Returns	DAF: TCF handles all investments and accounting, files annual tax return and provides annual independent audit under its umbrella. SO: TCF can create investment policy and oversee investments. TCF's auditor (HoganTaylor) will provide both at discounted rates.	PF's Trustees must perform, contact or hire staff for these services.
Grant Administration	TCF can identify potential recipients and investigates applicants, makes grant payments and monitors grantee performance.	PF's Trustees must perform, contract or hire staff for these services.
Excess Business Holdings, Taxable Expenditure Rules	No excess business holding rules for typical Type 1 and II SOs. No taxable expenditure rules if activities are confined to those allowed of public charities.	Subject to the excess business holdings rules under Sec. 4943. 20% excise tax on taxable expenditures (i.e. money spent for a purpose other than the foundation's charitable purpose).