



There are several ways

PRIVATE FOUNDATIONS

can partner with Stark Community Foundation
to enhance their impact.

Private Foundation Services

Creating a private foundation is an individual's or family's public affirmation of their philanthropic spirit and commitment to our community and beyond. However, many individuals establish private foundations only later to discover that the process of managing the foundation is not as simple as it once seemed and becomes a burden to maintain. Stark Community Foundation offers several personalized services to address these concerns, and we work with donors and their advisors to determine which option is best.

Option One

Administrative Services

If your private foundation needs specific services — strategy, grantmaking or support — Stark Community Foundation can easily assist you. Our knowledgeable and experienced staff can help guide your foundation's trustees as they make decisions regarding which organizations and programs to support. We can also share the pressing issues facing our community and organizations working strategically to meet those needs.

Some of our services include:

- Personal consultations on which local nonprofits are making a difference in the areas you care most about
- Complete tracking of grantmaking, from distributing and reviewing applications to collecting progress reports
- Coordination of site visits to potential, current or former grantees

Option Two

Supplement a Private Foundation's Work with a Donor Advised Fund

Many trustees of private foundations have difficulty meeting the annual 5% payout requirement, resulting in grants being made out of necessity rather than being strategic and impactful. Since Stark Community Foundation is a public charity, we can assist by accepting contributions from a private foundation's annual payout into a Donor Advised Fund. This option also gives you more time to research the charities you want to support and the flexibility to give when the time is right for you. One or more trustees of your foundation can have grant recommending rights.

Some of our offerings include:

- Research on your favorite causes and assistance with philanthropic strategy
- Strategic investment management as part of our \$350 million diversified portfolio
- Quarterly financial statements and 24/7 access to our Donor Portal, a secure online fund management system

Option Three

Convert a Private Foundation to a Fund

Converting your private foundation into a Donor Advised Fund or Supporting Foundation at Stark Community Foundation will not only alleviate administrative burdens, it will also increase your philanthropic impact. No matter which option you choose, the new fund can still maintain the same level of personalization as your foundation — name, identity, goals and vision. You can continue giving generously without the burdensome administrative costs, IRS requirements and excise tax payments associated with a private foundation. Converting your foundation will save you time and money while also maximizing the effectiveness of your grantmaking.

Some of the benefits include:

- Not being bound by the annual 5% minimum payout requirement
- Eliminating annual excise tax on investment income
- Increasing your foundation's Fair Market Value (FMV) deduction by 10%

Comparison of Gifting Vehicles

Set-Up Considerations

	Donor Advised Fund at Stark Community Foundation	Supporting Foundation at Stark Community Foundation	Private Foundation
Time Frame	Immediate	Generally 1 to 2 months	Initial set up 2 to 3 months
Recommended Minimum Contribution	\$10,000	\$500,000	At least \$5 million recommended to justify startup and maintenance costs

Tax Considerations

Cash	Deduction of up to 60% of AGI	Deduction of up to 60% of AGI	Deduction of up to 30% of AGI
Publicly Traded Securities	FMV deduction of up to 30% of AGI	FMV deduction of up to 30% of AGI	FMV deduction of up to 20% of AGI
Closely Held Stock/Real Estate	FMV deduction of up to 30% of AGI	FMV deduction of up to 30% of AGI	Deduction is limited to the donor's cost basis or FMV, whichever is lower, up to 20% of AGI
Tax Status	501(c)(3) public charity as a component fund of SCF	501(c)(3) public charity due to its relationship with SCF	501(c)(3) private foundation; not as favorable as public charity status
Tax Return and Audits	Not applicable	Annual returns are prepared and filed by SCF	Must be performed by foundation managers or a professional accountant
Private Foundation Excise Taxes	Not applicable	Not applicable	Excise tax of 1.39% on net investment income and substantial excise taxes imposed for failure to meet payout requirement and for engaging in certain prohibited transactions such as self-dealing

Administrative Services	Most services covered by an annual fee of approximately 1% (depending on total assets donated) of FMV of assets	Most services covered by an annual fee of approximately 1% (depending on total assets donated) of FMV of assets	Must be performed by board members or officers ("foundation managers") or any hired staff
Payout Requirement	No required payout	No required payout	Annual payout of at least 5% of foundation assets
Donor Investment	Donor recommends grants to SCF for distribution to qualified 501(c)(3) organizations; successor fund advisors can be named for generations; the fund will maintain its name in perpetuity	Supporting foundation board has control over investments and grantmaking; SCF and donor appoint board members	Donor appoints board, which controls investments and grantmaking
Grantmaking Support	SCF's professional staff can help identify and assess grantees, and advise on community needs; educational events and consultation available	SCF's professional staff can help identify and assess grantees, and advise on community needs; educational events and consultation available	Grantmaking activities must be conducted by foundation managers or hired staff

Definition of Terms

SCF = Stark Community Foundation

AGI = Adjusted Gross Income

FMV = Fair Market Value



stark community foundation

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About Stark Community Foundation

With nearly 60 years of giving experience and deep community knowledge, Stark Community Foundation partners with individuals, families, businesses and organizations to make giving both easy and meaningful. We connect generous people to the charitable causes they care about — improving the quality of life for residents in our community and beyond. Ranked in the top 10 percent of community foundations in the United States today, the Foundation is committed to serving donor needs and strategically addressing local issues.

Learn more about our private foundation services by contacting our Advancement Team:

330-454-7992 | bneisel@starkcf.org



**PRIVATE
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