

Supporting Foundations

A flexible, hassle-free alternative to a private foundation



stark community foundation



Stark Community Foundation is your foundation

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Through your philanthropic investments, you make a lasting impact on issues and foundations that matter to you.

A supporting foundation at Stark Community Foundation allows you to take an active approach to your giving, backed by professional staff who make it easy.

A supporting foundation is a separate legal entity that qualifies for the tax advantages of a “public charity” due to its affiliation with Stark Community Foundation. A supporting foundation is an alternative to a private foundation for people who want an involved approach to their giving and minimal administrative work while still enjoying some autonomy.



Understanding supporting foundations

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How it works

- You select the name, identity, mission and issue areas you want to support.
- Your supporting foundation operates independently as a separate legal entity with its own 501(c)(3) status. Stark Community Foundation assists you with required federal and state regulatory reporting.
- You create a board of trustees in cooperation with Stark Community Foundation.
- You and the board of trustees establish the investment strategy and grant priorities.

How you benefit

- You can rely on Stark Community Foundation's community expertise to lead you to effective, innovative foundations and strategies you wish to support — locally, nationally or internationally.
- Family members can actively participate in your giving, and you can create a lasting legacy by involving successive generations.
- Supporting foundations have no minimum payout requirement.
- Unlike a private foundation, gifts to the supporting foundation qualify for the highest tax-deduction limitations and are not subject to excess business holdings rules.
- Supporting foundations are not subject to the excise taxes that private foundations must pay.

Making the right choice for you

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Stark Community Foundation is dedicated to making your giving effective and convenient. Our knowledgeable staff is here to guide you through the process of establishing and administering a supporting foundation.

Administrative support allows you to focus on giving while we take care of the paperwork.

- Consultation to you and the board of trustees regarding mission development, grantmaking priorities and communications strategies
- Due diligence and expenditure responsibility for grants you wish to make locally, nationally or internationally
- Request for proposal support, including screening applications and creating reports for the board and grantees
- Corporate record keeping for board functions
- Allowance for legal services for initial preparation and amendment to organizing documents and policies
- Branded letterhead, checks and collateral, and website hosting and maintenance
- Access to the Foundation's support staff, systems and facilities

Financial and tax-reporting services are all provided for you.

- Financial and accounting services, coordination of Form 990 preparation and filing with the IRS
- Annual reporting to state and local government agencies
- Management of all procedures and documentation necessary to be compliant with current laws and regulations

Community expertise, based on the Foundation's long, deep ties to Stark County, allows you to give with confidence.

- One-on-one consulting with experienced staff members knowledgeable in your area
- Connections with other donors and stakeholders with similar interests
- Opportunities to co-invest with Stark Community Foundation and other Foundation donors



Why a Supporting Foundation?

Supporting Foundation
of Stark Community Foundation Private Foundation

Set-Up Considerations		
Time frame	Generally 1 to 2 months	Initial set up 1 to 2 months
Recommended Minimum Contribution	\$500,000	At least \$1 million recommended to justify startup and maintenance costs
Tax Considerations		
Cash	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 20% of AGI
Closely Held Stock/ Real Estate	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 due to its relationship with SCF	501(c)(3) private foundation; not as favorable as public charity status
Tax Return & Audits	Annual returns are prepared and filed by SCF	Must be performed by foundation managers or a professional accountant
Private Foundation Excise Taxes	Not applicable	Excise tax of 1% or 2% 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
Administration		
Administrative Services	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 offices ("foundation managers") or any hired staff
Payout Requirement	No required payout	Annual payout of at least 5% of foundation assets
Donor Involvement	Supporting Foundation board has control over investments and grant-making; SCF and donor appoint board members	Donor appoints board, which controls investments and grant-making
Grantmaking Support	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

A wide variety of gifts are accepted

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When you establish a fund at Stark Community Foundation, you can choose to transfer a wide variety of assets to the fund, each of which may offer different tax advantages.

- Cash
- Marketable securities such as stocks, bonds and mutual funds
- Real estate
- Closely held assets and other assets (upon review by Stark Community Foundation)

Converting a private foundation or component fund made easy

Many individuals create private foundations to facilitate their giving but later discover that managing a private foundation's affairs is not as easy or rewarding as it once seemed.

As well, many individuals that have created a component fund, such as a donor advised fund, at the Foundation desire greater autonomy and identity.

Stark Community Foundation can help you terminate or transfer these assets to a supporting foundation.

Starting a supporting foundation

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If you think a supporting foundation might be right for you, contact our Advancement Office at 330-454-7992 or bneisel@starkcf.org. We will answer your questions and guide you through the process of completing the establishing documents.



Your Trusted Partner in Giving.

