

How to Simplify Your Life

For most of us, comparing options is easiest side-by-side. The chart below highlights 16 categories and the facts in each category that can make your life easier, while continuing your family foundation's traditions.

	Stand-Alone Private Foundation	Family Foundation at The San Diego Foundation
Starting the Fund or Foundation	Nonprofit corporation created by donor	Established at The San Diego Foundation
Start-up Costs	Similar to establishing a new corporation: substantial legal, accounting and operational start-up costs	No cost to donor
Tax Status	Applies for private foundation tax exempt status from the IRS	Shares the public charity tax exempt status of The San Diego Foundation
Charitable Deductions Cash Gifts	Tax deduction limited to 30% of adjusted gross income	Tax deduction of up to 50% of adjusted gross income
Charitable Deductions Appreciated Property	Tax deduction limited to 20% of adjusted gross income and in some cases is limited to donor's cost basis	Tax deduction available for full market value and up to 30% of adjusted gross income
Privacy	Tax returns are public records. They are compiled into grantseeker directories and available on the internet	Availability of information is at donor's discretion
Fiduciary Responsibility	Board has full fiduciary responsibility	The San Diego Foundation fulfills the associated fiduciary responsibilities
Payout Requirements	Must pay out 5% of asset value annually regardless of annual income	Do not apply
Self-Dealing Rules	Strict regulations prohibit most transactions between a private foundation and its donors (including related persons or corp.)	Private foundation self-dealing rules do not apply
Donor Involvement	Donor retains control over investments and grantmaking, subject to IRS requirements	Donor makes advisory grant recommendations. Final decisions rest with The San Diego Foundation
Administrative Concerns (personnel, facility, gift and grant management)	Must establish and/or obtain these services	Services provided by The San Diego Foundation with personalized services available
Grant Making Support	Must hire staff or consultant	Full service grant making research, analysis monitoring, and follow up
Administrative Costs	Administration can be costly	Minimal (0.5% - 2.0%)
Annual Taxes	Subject to excise tax of up to 2% of net investment gain including net capital gains	None
Annual Tax Filings and Returns	Required with supporting schedules	Not required
Investments	Must research and secure its own investment vehicles	Fund assets are professionally invested



For more information, contact our Family Foundation Services team at GivingTeam@sdfoundation.org, call 619.235.2300 or visit www.sdfoundation.org/privatefoundations