

Thinking of Starting A Private Family Foundation?

Starting a private foundation is a good option for some, but before making a decision, consider some of the advantages gained by creating a partnership with The Community Foundation Serving Boulder County. The Community Foundation can be a way to gain favorable tax advantages and avoid the administration required to run a foundation.

	The Community Foundation Serving Boulder County	A Private Family Foundation
Length of Time To Establish	Most funds can be set up in as little as one day.	Requires creation of articles of incorporation, bylaws, and filing with state and IRS. Usually requires the review of an attorney. Often the process takes more than three months.
Excise Taxes	The fund does not pay excise tax. Therefore, there is more money available for charity.	The private foundation pays excise tax on net investment income, including net capital gains.
Tax Preparation	No tax return to file.	Must file annual federal tax return, disclosing investments, grants, trustee fees, salaries and other expenses.
Investments	Professional investment and expert oversight, and the opportunity to continue working with a chosen financial advisor.	Must avoid investments that jeopardize charitable purposes.
Required Payout	None. Can vary from year to year.	Must distribute 5% of net asset value annually.
Grant Requests	Experienced staff available to help evaluate potential grantees.	Must establish a process to evaluate and respond to grant requests.
Annual Report	Incorporated in the foundation's annual report.	Must publish annual report.
Disclosure	Can provide anonymity for the donor(s).	Disclosure of contributions to the foundation required.
Administrative Costs	Much lower administrative costs (currently 1.25 % per year plus investment advisor charges of less than 40 basis points (< 0.4%)).	Must bear all administrative costs.