

FFTC CORPORATE DONOR ADVISED FUNDS: MAXIMIZE THE IMPACT OF YOUR COMPANY’S PHILANTHROPY



Center for Corporate Philanthropy

A streamlined, cost-effective alternative to private foundations for your company’s charitable giving

FFTC Donor Advised Funds are a cost-effective and efficient alternative to private foundations for corporate charitable giving.

Donor advised funds offer a convenient way to manage and boost the impact of giving, allowing your company to improve its philanthropic presence, strategy and efficiency.

Companies can make gifts of many types of assets, identify causes to support, recommend grants and establish a charitable program – all while FFTC handles the burden of administration.

FFTC strives to make it easy to convert your company’s private foundation, with little to no cost. Our dedicated team of philanthropic experts will provide highly personalized support and guidance every step of the way.

Let us help your company amplify the power of its charitable giving, and ensure the greatest impact for the community.

Contact us today for more information:

Visit 220 North Tryon Street Charlotte, NC 28202

Call 704.998.6412

Email philanthropy@fftc.org

Learn more www.fftc.org

FFTC Donor Advised Funds offer significant advantages to private foundations.

Facilitate corporate philanthropy with an easy, cost-effective solution.

Establish a fund with as little as \$50,000 and a variety of assets.

Avoid the legal and compliance requirements of a private foundation, including start-up costs, annual filing requirements, governance requirements and annual minimum payouts.

Leverage FFTC for fund management, reporting, and grantmaking services.

Grow the fund over time through a variety of diverse investment options.

Manage the account and recommend grants to nonprofits through our online portal, making giving easy and convenient.

Make grants anonymously, if desired, and avoid the detailed public disclosures of a private foundation, which often generate unsolicited charitable requests.

Name the fund to retain corporation’s philanthropic recognition, as desired.

Common motivators for converting a private foundation to a donor advised fund:

- ▶ Management and reporting has become too demanding
- ▶ Burden of keeping up with government regulations
- ▶ Difficulty meeting the annual 5% payout requirement
- ▶ High costs of maintaining the foundation
- ▶ Preference for anonymity
- ▶ Seeking additional grantmaking expertise
- ▶ Aspiration to focus on philanthropy, rather than administration

Converting a private foundation is easy and efficient*:

- 1) Board passes resolution to terminate private foundation
- 2) Assets distributed to a public charity (i.e. FFTC Donor Advised Fund)
- 3) Terminate private foundation
- 4) File final Form 990-PF

*State laws vary, additional steps may be required to terminate the foundation. Information provided is general in nature. It is not intended to be, and should not be construed as, legal or tax advice. Foundation For The Carolinas does not provide legal or tax advice.

GIVING VEHICLE COMPARISON: MAXIMIZE THE IMPACT OF YOUR COMPANY'S PHILANTHROPY



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Charitable Vehicle	FFTC Donor Advised Fund	Private Foundation
Company Involvement	Company recommends grants and investments. Fund bears name chosen by company.	Governing body must approve all grants and administration.
Tax Status	Shares public charity status with FFTC.	Private charity, must apply to IRS for tax-exempt status.
Income Tax Deduction for Gifts		
Cash	Up to 10% of taxable income.	Up to 10% of taxable income.
Grantmaking		
Minimum Payout Requirements	None.	Annual payment of at least 5% of net assets, with penalty tax on undistributed amounts.
Privacy	A fund's assets, gifts and grants are kept private. No public disclosure is required. Companies are generally recognized for grants, but can make grants anonymously.	Private foundations are required to file Form 990-PF, which makes public the foundation's assets, grants, investment fees, and board compensation.
Philanthropic Advice, Grantmaking & Community Knowledge	FFTC staff is available to help identify and assess grantees, provide input on community needs and ensure recipients are qualified 501(c)(3) organizations.	Company or foundation staff, if applicable, must arrange and support its own grantmaking and evaluation activities. FFTC can provide custom services to private foundations.
Time Commitment	Conveniently recommend grants online while FFTC processes the payments. No board meetings required and no staff to manage.	Record keeping and filing for IRS alone can take a significant amount of time each year. Public information can generate unsolicited charitable requests.
Administrative Considerations		
Ease of Establishing	Typically requires only one signed document (donor advised fund agreement available at www.fftc.org).	Create a corporation or trust following state legal requirements; file for and obtain IRS approval, requiring substantial legal and accounting support.
Timing to Create	Immediate.	Can take 6 months or longer for IRS approval.
Start Up Costs	None.	Varies, but minimally several thousands of dollars for legal and accounting expenses and filing fees (similar to corporate start-up).
Self-Dealing	Does not apply.	Self-dealing rules apply.
Annual Costs	FFTC funds are charged annual administrative fees, assessed monthly based on the fair market value of the assets in the fund. The minimum annual fee is \$1,000.	Can be costly, including administration, accounting and audit expenses.
Investments	Access to FFTC's diverse and expertly managed investment options, or company may recommend an outside manager via the Investment Alliance Program (for funds > \$250,000).	Must establish, research and manage own investment vehicles, or hire an outside manager to do so.
Operations and Record Keeping	Provided by FFTC.	Must establish, acquire and manage on its own.
Fiduciary Responsibility	FFTC fulfills associated fiduciary responsibilities.	Private foundation board has full fiduciary responsibilities.
Liability and Risk Insurance (including D&O)	Covered by FFTC's policies.	Must be provided and purchased by private foundation.
Annual Requirements		
Annual Taxes	None.	Generally income tax exempt, but subject to an excise tax of 1.39% of net investment income, including capital gains.
Tax Filings	None required.	Annual IRS Form 990-PF, including detailed financial statements, must be prepared and filed.