

HCF as an Alternative to a Private Foundation

This chart compares working with a community foundation versus establishing a private foundation.

Benefit	Community Foundation (CF)	Private Foundation
Outstanding community knowledge and impact	<ul style="list-style-type: none"> • Expertise and advice in a wide range of granting areas including arts & culture, the environment, health, social services, education and recreation • Co-operative relationships with other government bodies, funders and agencies in the city/region 	<ul style="list-style-type: none"> • Directors or trustees must perform, hire staff, or contract for these grantmaking activities
Assured legacy in perpetuity	<ul style="list-style-type: none"> • Named funds that exist in perpetuity 	<ul style="list-style-type: none"> • Named foundation • Longevity depends on long-term family interests and succession plans
More impact for every dollar you give	<ul style="list-style-type: none"> • No tax on capital gains on gifts of appreciated marketable securities • Immediate tax savings for most gifts of private company shares • Pooled investments often provide a better return with reduced risk • Start-up easy and minimal or no cost 	<ul style="list-style-type: none"> • Same tax treatment as gifts of marketable securities to community foundation • Tax savings for private company shares deferred or denied • Start-up is lengthy process with associated costs of time and resources
Simplicity and cost effectiveness of ongoing operations	<ul style="list-style-type: none"> • Staff look after day-to-day operations • Ability to limit involvement to preferred level 	<ul style="list-style-type: none"> • Directors or trustees must perform, hire staff, or contract for these services which may be at a higher cost
Flexibility to change focus or involvement over time	<ul style="list-style-type: none"> • Choice in grantmaking involvement from year to year – donors can designate their fund to support particular charities, advise CF on grants from time to time, or allow the CF to direct your grants based on community need 	<ul style="list-style-type: none"> • Donor or family members are responsible for all activities of Foundation • Responsibility for operating Foundation must be assumed by someone, even if family members lose interest in direct involvement over time
Degree of recognition	<ul style="list-style-type: none"> • Wide range of choice of recognition or anonymity is available 	<ul style="list-style-type: none"> • Work of private foundation is fairly public
“Best Practices”	<ul style="list-style-type: none"> • Staff are able to incorporate best practices throughout the operations 	<ul style="list-style-type: none"> • Principals must invest time and energy to keep up to date with change
Passing mantle to next generation	<ul style="list-style-type: none"> • Build on knowledge and experience gained from working with other like-minded individuals 	<ul style="list-style-type: none"> • Principals are responsible for engaging next generation

For more information about establishing a fund at HCF contact Jill Anderson or Sheree Meredith at 905-523-5600.