

The Benefits of Working with CFWM

Organizations and donors find that there are a variety of benefits to using the CFWM in lieu of a private independent foundation. The primary benefits are reduced administrative burden and costs. With an advised fund, there is the additional benefit of no required minimum annual distribution.

These are highlights of the benefits:

	CFWM Endowed Grantmaking or Scholarship Fund	CFWM Advised Fund	Private Foundation
Startup Cost	None	None	Several thousand dollars for legal and accounting expenses and filing fees
Startup Timeframe	Immediate	Immediate	May take 6 months or longer
Investments	Donor may choose from CFWM's investment portfolios, or recommend a portfolio manager	Donor may choose from CFWM's investment portfolios, or recommend a portfolio manager	Donor appoints a board, which controls investments
Grantmaking	CFWM staff and volunteers select recipients based on donor priorities	Donor recommends grants to qualified nonprofit groups	Donor appoints a board, which controls grantmaking
Grantmaking Expertise & Due Diligence	CFWM solicits nonprofit/student applications, conducts due diligence, assesses and reviews applications, processes and distributes grant awards	CFWM conducts due diligence on all grantees, processes and distributes grant awards	Board must arrange and support its own application, grantmaking and monitoring structure
Minimum Annual Distribution	CFWM trustee-approved spending rate, currently 4.25%	None	Required to make annual distributions for charitable purposes of at least 5% of asset value
Donations-Cash	Deductible up to 50% of adjusted gross income	Deductible up to 50% of adjusted gross income	Deductible up to 30% of adjusted gross income
Donations-Publicly Traded Securities	Deductible at fair market value up to 30% of adjusted gross income	Deductible at fair market value up to 30% of adjusted gross income	Deductible at fair market value up to 20% of adjusted gross income

	CFWM Endowed Grantmaking or Scholarship Fund	CFWM Advised Fund	Private Foundation
Donations-Real Estate & Closely Held Securities	Deductible at fair market value up to 30% of adjusted gross income	Deductible at fair market value up to 30% of adjusted gross income	Deductible at cost basis
Tax Status	Covered under CFWM's public charity status	Covered under CFWM's public charity status	Board must apply to IRS for private foundation tax-exempt status
Annual Fees	1.25% of assets for endowed grantmaking funds .75-2% of assets (declining on a stepped basis) for scholarships	.5 - 1.25% of assets (declining on a stepped basis for larger funds)	Board must arrange and finance its own grantmaking, administrative and investment costs
Annual Taxes	None	None	Excise tax of up to 2% of net investment income, including net capital gains

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