

Solutions for Private Foundations



by Yurianna Mikolay, Executive Director Ocean Reef Community Foundation

You may be surprised to learn that, while Donor Advised Funds (DAFs) are increasingly used as a simpler alternative to private foundations, the trend at Ocean Reef is actually to open one to complement an existing private foundation. Why would so many Members go to the trouble and expense of setting up and managing a private foundation only to open an additional charitable fund on top of it? They actually offer some effortless solutions that are uniquely suited to our

donors. Here are some of the clever ways we see Members using our DAFs to complement their private foundations:

Added Flexibility

A key benefit to this arrangement is the option to donate into the DAF when not prepared to meet the annual distribution requirement at year-end, enabling one to take the additional time needed to make decisions. Should you find yourself in that position, opening a DAF at the end of the year is a fast and easy option. DAFs have no distribution requirements for gifts coming directly from the donor, however, the National Council on Foundations recommends funds coming from a private foundation be distributed within a year. Simply put, we can buy you some time.

Favorable Tax Benefits

DAFs offer the maximum tax advantage of any charitable vehicle and are a more favorable

option to have in a variety of circumstances. Tax deductions are permitted for up to 60 percent of Adjusted Gross Income for cash gifts and 30 percent of AGI for the full market value of appreciated securities gifts, verses only 30 percent and 20 percent respectively for gifts to private foundations. Also, there is no excise tax on DAF investment returns.

Confidentiality

While private foundations must file a public tax record of grants, some donors appreciate the fact that grants made from a DAF are private and can even be anonymous. Private foundations often allow their trustees to direct some donations personally, but the gifts directed by individual trustees may not always align with the public mission and image of the foundation. We often see these gifts directed through a DAF instead so that all the public gifts of the private foundation are in keeping with the public mission.

Local Expertise & Support

Members usually come to Ocean Reef well established in terms of their giving in another location where they know the community and have many connections. With existing private foundations usually based in and focused on that location, many Members establish an ORCF DAF simply to take advantage of the Foundation's expertise on local


issues, philanthropic experts, donor connections, resources, needs and organizations as they shift to spending more of their time here.

While wonderful in many ways, the fact that Ocean Reef offers Members everything they need here on property can act as a barrier to making connections in surrounding areas of need that would naturally form interacting with and in the community. Our staff and Grants Committee have a long history and relationships outside the gate. The Foundation offers many services to help connect donors to local causes that align with your personal giving priorities, if desired (gifts from a DAF can be made anywhere in the country). Advised Fund Donors also enjoy the convenience of having a local support staff to handle administrative details.

Establishing Florida Residency


Charitable involvement and setting up local accounts are both commonly recommended ways to demonstrate you have established key relationships in your new home state.

These are just some of the benefits driving a national trend to convert existing private foundations to DAFs, another easy solution we offer. To learn more, please call (305) 367-4707, visit www.orfound.org, or email foundation@oceanreef.com and I'll be happy to answer any questions you or your foundation staffers may have.



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