

Alternatives for Assets to Fund the Foundation

ALTERNATIVES/OPTIONS FOR ASSETS TO FUND THE FOUNDATION	ADVANTAGES	DISADVANTAGES AND OTHER CONSIDERATIONS
Cash or publicly held stock	Liquid and no valuation problems; cash gifts allow for deductions of up to 30% of adjusted gross income, stock gifts allow for deductions of value of the stock at the time of the gift of up to 20% of adjusted gross income.	Can be a problem if donor is left with non-income-producing, illiquid assets.
Real estate	May be good income producer; could be used by certain charities in their operations; can diversify a portfolio of securities; allows for deduction of up to 20% of adjusted gross income.	Difficult to value and requires day- to-day management. Potential self dealing issues may be raised for certain uses by a related entity.
Closely held stock, including an interest in a family enterprise, or stock in S corporations	Can enhance a family's wealth transfer plan; may produce good income if cash is distributed regularly.	Difficult to value; closely held stock valued at cost basis only; can involve self-dealing issues and concentration problems.
Art and other valuable personal property	Generally do not affect donor's financial well being directly; may be useful in the work of the foundation.	Difficult to value and possibly to sell; deduction generally limited to cost basis.

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SOURCE: Adapted from Antonia M. Grumbach, "Funding a Foundation: What Assets to Use," *Investment Issues for Family Funds: Managing and Maximizing Your Philanthropic Dollars*. Washington, DC: National Center for Family Philanthropy, 1999.