

BUTTERMORE AND FOLTZ
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Private Foundations versus Public Charities

The usual form of a charity is a Private Foundation which receives and invests a large sum received from one or a few individuals or corporations. The Ford Foundation and the Bill and Melinda Gates Foundations are examples of Private Foundations funded by corporations or families. Private Foundations pay a nuisance tax on their investment earnings and must distribute, on average, five percent of their assets per year.

A Public Charity receives more than 1/3 of its funding from the public, governments or other charities and less than 1/3 from investment income. The American Red Cross and American Cancer Society are examples of a Public Charity.

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