

Comparison of Donor Advised Fund versus a Private Foundation

Comparison	Donor Advised Fund	Private Foundation
Tax Exempt Status	Receives public Charity Status	Must establish a separate tax exempt status as private foundation
Charitable Deductions for Cash Gifts	Up to 50% of adjusted gross income in any one	Up to 30% of adjusted gross income in any one
Charitable Deductions for Gifts of Appreciated Property	Deduction for full fair market value, limited to up to 30% of adjusted gross income in any one year	Deduction for full fair market value, limited to up to 20% of adjusted gross income in any one year.
Donor Control	Donor may make recommendations about grants but community foundation makes final	Donor retains complete control over investments and grant making, limited only by IRS requirements
Minimum Payout Requirements	None, except subject to community foundation's maximum spending policy	Must pay out at least 5% of asset value for charitable purposes regardless of annual
Creating the Fund or Foundation	Established by 2 page agreement with The Community Foundation	Nonprofit corporation or trust organized as a private foundation with attorney drafted documents
Start up costs	No cost to donor	Requires substantial legal, accounting, and operational costs similar to corporate startup
Minimum Size	\$5,000	Substantial assets necessary, at least \$5 million
Administration and Operations	Provided by The Community Foundation	Must establish and manage on own or contract for
Annual Administrative and Accounting Costs	Presently 1%	Can be costly; legal, accounting, tax preparation
Annual Taxes	None	Generally income tax exempt, but subject to excise tax of up to 2% of net investment
Annual Tax filings	None required	Separate tax and information return must be filed with required
Investments	Provided by The Community Foundation	Must research and manage own
Fiduciary Responsibility	The Community Foundation fulfills fiduciary requirements	Private foundation Board has total fiduciary responsibility
Liability and Risk	The Community Foundation assumes all risk and liability	Private foundation is fully responsible
Public Exposure	Donor may maintain anonymity	Private Foundation's IRS 990 Form becomes public