

## Donor Advised Fund vs. Private Foundation

	<b>Donor Advised Fund</b>	<b>Private Foundation</b>
<b>Minimum Assets</b>	<ul style="list-style-type: none"> <li>• \$10,000</li> </ul>	<ul style="list-style-type: none"> <li>• No minimum</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Community Foundation Board of Trustees</li> <li>• Donors may recommend grants from the fund</li> </ul>	<ul style="list-style-type: none"> <li>• Independent corporation with its own Board of Trustees</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>• Community Foundation handles accounting, audit, check cutting</li> <li>• 1% administrative contribution assessed annually based on the average daily balance of the fund (\$10,000 minimum)</li> <li>• Can be anonymous; no public disclosure of fund's activities</li> </ul>	<ul style="list-style-type: none"> <li>• Independent infrastructure created and overseen by Trustees.</li> <li>• All costs—staff, audit, compliance, legal, etc...—are responsibility of the private foundation</li> <li>• Detailed public disclosure annually on IRS 990PF</li> </ul>
<b>Investment</b>	<ul style="list-style-type: none"> <li>• Community Foundation portfolio, or (upon request and approval of the Foundation), an approved outside manager if the fund is at least \$25,000.</li> <li>• Investment management fees charged to the fund (average .12-.14 basis points)</li> <li>• No possibility of donor control over investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment vehicles selected and overseen by Board of Trustees.</li> <li>• Subject to Uniform Management of Institutional Funds Act.</li> <li>• Investment management fees are responsibility of the private foundation</li> </ul>
<b>Funding Limits and Tax Consequences</b>	<ul style="list-style-type: none"> <li>• Cash gifts: 50% of AGI.</li> <li>• Capital gain property: 30% of AGI.</li> <li>• All capital gain property deductible at current value.</li> <li>• 5-year carry-over available.</li> <li>• No tax on investment income.</li> </ul>	<ul style="list-style-type: none"> <li>• Cash gifts: 30% of AGI.</li> <li>• Capital gain property: 20% of AGI</li> <li>• Publicly traded securities deductible at current value.</li> <li>• Privately held stock and other assets deductible at basis.</li> <li>• 5-year carry-over available</li> <li>• 2% excise tax on investment income.</li> </ul>

## Donor Advised Fund vs. Private Foundation (continued)

	<b>Donor Advised Fund</b>	<b>Private Foundation</b>
<b>*Fiduciary Control</b>	<ul style="list-style-type: none"> <li>• Community Foundation Board of Trustees</li> <li>• Donor recommends grants; approval required by Community Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Trustees</li> <li>• Subject to **IRS Regulations</li> </ul>
<b>Visibility</b>	<ul style="list-style-type: none"> <li>• Fund name/donor acknowledged in grant letters.</li> <li>• Fund listed in the community foundation annual report and on its website.</li> <li>• Optional anonymity.</li> <li>• Assistance with public grant announcements, if desired.</li> </ul>	<ul style="list-style-type: none"> <li>• Desire for degree of visibility determined by Board of Trustees.</li> <li>• Issues own grant guidelines and annual reports.</li> </ul>
<b>Grantmaking Process</b>	<ul style="list-style-type: none"> <li>• Community Foundation provides due diligence review of grantees recommended by donor.</li> <li>• Grant checks ordinarily sent in 2-3 days</li> <li>• Research on specific non-profits upon request</li> <li>• Option to distribute grants from income and principal.</li> </ul>	<ul style="list-style-type: none"> <li>• Subject to screening, evaluation and approval by Board of Trustees.</li> <li>• Restrictions on “self dealing.”</li> <li>• Annual minimum payout 5% of assets.</li> </ul>
<b>Grantmaking Focus</b>	<ul style="list-style-type: none"> <li>• Broad flexibility across nonprofit sector, including religion, the arts, education, health &amp; human services, etc.</li> <li>• Restrictions on grants to support lobbying grants to individuals</li> </ul>	<ul style="list-style-type: none"> <li>• Determined by Board of Trustees.</li> <li>• Restrictions on scholarship and research grants.</li> <li>• Prohibition against grants to support lobbying.</li> </ul>

\* As a legal requirement, gifts to component funds of the community foundation become the assets of the community foundation.

\*\* IRS regulations include but are not limited to restrictions on holding interests in business enterprises, prohibition against grants to support lobbying, and expenditure responsibility procedures for grants to organizations that are not public charities. As a “public charity,” the community foundation operates under different rules and its administration monitors all compliance issues.