

Donor Advised Funds vs. Private Foundation



Issues	Advised Funds at the Community Foundation	Private Foundations
Creating the Fund	A simple three page advised fund agreement	Created by donor as a private foundation
Tax-Exempt Status	Public Charity	Private Foundation
Start-Up Costs	None	All legal, accounting, and filing costs paid by donor
Tax deduction: Cash Gift	Up to 50% of Adjusted Gross Income	Limited to 30% of Adjusted Gross Income
Tax deduction: Appreciated Property	Up to 30% of Adjusted Gross Income	Limited to 20% of Adjusted Gross Income
Gifts from Private Foundations	Permitted	Not Permitted
Donor Control	Donor may hold advisory power over grant recommendations; final decision rests with the Community Foundation Board	Donor retains complete control, subject to IRS requirements
Annual Costs	0.1% to 0.4 % of assets with a \$200 minimum/year for endowed fund ----- 2% of total grant payments made during the quarter with a \$200 minimum/year for non-endowed fund	All costs paid by donor
Investments	Invested by the Community Foundation. With a balance in excess of \$ 500,000, the donor may choose to retain their own investment manager as long as the investment strategy follows the Community Foundations and the manager is approved by the Community Foundation Investment Committee. ----- The donor also has the option to choose American Funds as described in the Community Foundations investment guidelines.	Donor determines investments
Annual Tax Returns and Other Filings	None	Must be filed and paid for by donor
Annual Taxes	None	Excise tax up to 2% of investment income, including capital gains
Grantmaking Expertise	Access to Community Foundation's staff	Performed by donor
Organizational Fiduciary Protection	Provided by Community Foundation	Must be purchased by private foundation