

DONOR ADVISED FUND COMPARED TO PRIVATE FOUNDATION

	DONOR ADVISED FUND	Private/Family Foundation
ESTABLISHING A FUND	Simple-Quick-Low beginning balance No cost to establish.	Complex-Lengthy-High beginning balance Legal expenses, IRS application fees.
ANNUAL ADMINISTRATIVE EXPENSES	1% or less annual administration fee. May be lower with increased balances.	Generally, 3% to 5% of assets.
PRIVACY	Yes May elect to be anonymous all the time or on a grant by grant basis. Alternatively, donor may elect to make distributions in the name of the fund.	No Tax returns disclose donations, grants, investment fees, staff salaries, etc. These are public records that are compiled into searchable directories for ease of public review.
ANNUAL EXCISE TAX PAYMENTS	None	1-2% payment of Net Income and Net Realized Gains.
TAX TREATMENT OF GIFTS	<ul style="list-style-type: none"> • Cash Gifts: 60% of Adjusted Gross Income (AGI). • Publicly Traded Securities Gifts: Fair market value up to 30% of AGI. • Real Estate Gifts: 100% of fair market value up to 30% of AGI. 	<ul style="list-style-type: none"> • Cash Gifts: 30% of Adjusted Gross Income (AGI). • Publicly Traded Securities Gifts: Fair market value up to 20% of AGI. • Real Estate Gifts: Limited to cost basis up to 20% of AGI.
REQUIRED ANNUAL DISTRIBUTIONS	None	5% annual distribution required.
ANNUAL TAX RETURNS REQUIRED	No Individual funds are not required to file. Community Foundation prepares and files all tax reports to the IRS and obtains an annual independent audit.	Yes Must file annual Federal 990-PF.
STAFFING – PERSONAL SERVICE	Community Foundation’s professional staff provide personal donor service and share expertise on a wide range of subjects of interest to donors, as well as manage investments and on-going financial and legal due diligence.	Hire and manage staff. Develop governance policy and procedure and manage board memberships. Develop investment policy statements, hire investment professionals and oversee the investment results. Produce financial reports and tax returns.
FLEXIBILITY	Designed to allow donors greater flexibility to respond to and meet emerging needs in the community.	Expensive and lengthy legal proceedings may be required to change the purposes of a private foundation.
CONTROL	Flexible based on fund type. Donor may serve as an advisor or non-controlling committee member.	Separate nonprofit entity. Independent.
IMPACT	Impact of gifts is amplified by Community Foundation’s experience and expertise, as well as partnerships with nonprofits, donors, and community leaders. Staff oversees grant-making and reports impact.	Hire staff with expertise to manage foundation, formulate effective giving strategies, monitor grants, and report impact.
FIDUCIARY DUTY	Community Foundation and United Way Boards assume full responsibility.	Private/family foundation assumes full responsibility.