

ADVANTAGES OF A DONOR-ADVISED FUND

	<u>Donor-Advised Fund</u>	<u>Private Foundation</u>
EASE OF CREATION	Execution of a simple Deed of Gift: "one day/one document." No set-up fees.	Creation of a new organization, application for exempt status and expenditure of time and money. Lengthy IRS approval process.
TAX BENEFITS[^]	Deduction up to 60% of adjusted gross income for cash gifts. Full value of gifts of appreciated property is deductible up to 30% of adjusted gross income.	Cash deduction is limited to 30% of adjusted gross income. Deduction is limited to 20% of adjusted gross income.
CLOSELY-HELD STOCK, LP & LLC INTERESTS, REAL ESTATE	Valued for charitable deduction at market value.	Value limited to cost basis.
ACCOUNTING AND TAX PREPARATION	No separate tax return to file, and no excise tax to pay. Annual audit and 990 done by community foundation.	Detailed reporting required and a 1.39% federal excise tax must be paid on net investment income, including gain on assets gifted to the foundation. Separate accounting statements required.
GRANT ADMINISTRATION	Staff expertise in identifying recipients, reviewing proposals and evaluating performance.	Trustees must perform these tasks or hire someone to do so.
INVESTMENTS	No federal investment requirements; no equity concentration restrictions; opportunity to participate in investment pools.	Certain types of investments prohibited, and the foundation may not own more than a 20% equity interest in a business.
DISTRIBUTIONS	No minimum payout required.	Approximately 5% of net investment value must be paid out for charitable purposes annually. Prohibition against grants to support lobbying.
CONFIDENTIALITY	Name of donors need be revealed only to the IRS.	Asset balances, names/addresses of directors and contributors, grants, investments, fees and salaries must be made public through the 990-PF.*
ADMINISTRATION	Community foundation handles phone, mail and bookkeeping.	Trustees must perform these tasks or hire someone to do so.
SIZE	\$25,000 minimum, payable over five years.	Substantial assets required.

[^] Consult your tax advisor concerning alternative minimum tax implications and the five-year carry-over rule.

* Private foundations have little confidentiality and no anonymity. Anyone can access www.guidestar.org to gain information on any private foundation because all of the information is pulled from or is a scan of a foundation's 990-PF.