

## ADVANTAGES OF A DONOR-ADVISED FUND

	<u>Donor-Advised Fund</u>	<u>Private Foundation</u>
<b>EASE OF CREATION</b>	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.
<b>TAX BENEFITS<sup>^</sup></b>	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.
<b>CLOSELY-HELD STOCK, LP &amp; LLC INTERESTS, REAL ESTATE</b>	Valued for charitable deduction at market value.	Value limited to cost basis.
<b>ACCOUNTING AND TAX PREPARATION</b>	No separate tax return to file, and no excise tax to pay.  Annual audit and 990 done by community foundation.	Detailed reporting required and 2% federal excise tax (1% in some cases) must be paid on net investment income, including gain on assets gifted to the foundation. Separate accounting statements required.
<b>GRANT ADMINISTRATION</b>	Staff expertise in identifying recipients, reviewing proposals and evaluating performance.	Trustees must perform, contract or hire for these services.
<b>INVESTMENTS</b>	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.
<b>DISTRIBUTIONS</b>	No minimum payout required.	Approximately 5% of net investment value must be paid out for charitable purposes annually. Prohibition against grants to support lobbying.
<b>CONFIDENTIALITY</b>	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.*
<b>ADMINISTRATION</b>	Community foundation handles phone, mail and bookkeeping.	Trustees must perform, contract or hire staff.
<b>SIZE</b>	\$25,000 minimum, payable over five years.	Substantial assets required.

<sup>^</sup> 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](http://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.