

# COMPARE YOUR OPTIONS

## *Donor Advised Funds vs. Private Foundations*

*Discover the benefits of working through The Community Foundation*

CONSIDERATIONS	DONOR ADVISED FUND AT COMMUNITY FOUNDATION	DONOR ADVISED FUND AT FINANCIAL INSTITUTION	PRIVATE FOUNDATION
<b>Involvement</b>	Donor recommends grants to qualified nonprofit groups. Grants are approved by Foundation Board	Donor recommends grants to qualified nonprofit groups. Grants are approved by trustees of the gift fund	Donor appoints board, which controls investments and grant making
<b>INCOME TAX DEDUCTIONS FOR GIFTS OF</b>			
<b>Cash</b>	Up to 50% or 60% of adjusted gross income	Up to 50% or 60% of adjusted gross income	Up to 30% of adjusted gross income
<b>Appreciated Stock</b>	Fair market value up to 30% of adjusted gross income	Fair market value up to 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
<b>Real Estate and Closely Held Stock</b>	Fair market value up to 30% of adjusted gross income	Usually not accepted	Cost basis up to 20% of adjusted gross income
<b>GRANTMAKING SUPPORT</b>			
<b>Grant Administration</b>	Professional staff is available to help identify and assess grantees, administration, nonprofit research, community need assessments, and program evaluations	Varies; most do not have professional grantmaking experience and offer minimum due diligence on grant recipients	Requires extensive time to support their own grantmaking and monitoring structure
<b>Annual Grant Distribution Requirement</b>	None under current law	Most require a minimum of 5% of the fund's net assets on a five-year rolling average	Must distribute 5% of net assets value annually, regardless of earnings
<b>START-UP COSTS</b>			
<b>Initial Costs</b>	None	None	Several thousand dollars for legal and accounting filing fees
<b>Minimum Contribution</b>	\$5,000	Thousands of dollars	Typically millions of dollars
<b>FINANCIAL ADMINISTRATION</b>			
<b>Excise Taxes</b>	None	None	1-2% of net investment income annually
<b>Tax Status</b>	Covered under Foundation's public charity status	Covered under nonprofit status of corporate entity's charitable subsidiary	Must apply to IRS for private foundation tax-exempt status
<b>Reporting / Tax Return</b>	Foundation handles reporting	Financial institution handles reporting	Annual 990 tax form must be filed
<b>Accounting System</b>	Uses Foundation's accounting systems and staff	Uses financial institution's accounting systems and staff	Established and staffed by private foundation
<b>Audit</b>	Included as part of annual Foundation audit	Part of and supported by the financial institution	Must be paid for by private foundation



**COMMUNITY FOUNDATION**  
*Ocala / Marion County*

*Building A Stronger Community...*  
**ONE PASSION AT A TIME**