

COMPARE YOUR OPTIONS

Donor Advised Funds vs. Private Foundations



Discover the benefits of working through the Community Foundation for Brevard

Considerations	Donor Advised Fund at Community Foundation	Donor Advised Fund at Financial Institution	Private Foundation
Involvement	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

Income Tax Deductions for gifts of

Cash	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
Appreciated Stock	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
Real Estate and Closely Held Stock	Fair market value up to 30% of adjusted gross income	Usually not accepted	Cost basis up to 20% of adjusted gross income

Grantmaking Support

Grant Administration	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
Annual Grant Distribution Requirement	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

Start-up Costs

Initial Costs	None	None	Several thousand dollars for legal and accounting filing fees
Minimum Contribution	\$10,000	Thousands of dollars	Typically millions of dollars

Financial Administration

Excise Taxes	None	None	1-2% of net investment income annually
Tax Status	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
Reporting / Tax Return	Foundation handles reporting	Financial institution handles reporting	Annual 990 tax form must be filed
Accounting System	Uses Foundation's accounting systems and staff	Uses financial institution's accounting systems and staff	Established and staffed by PF
Audit	Included as part of annual Foundation audit	Part of and supported by the financial institution	Must be paid for by private foundation