

Comparing Donor Advised Funds vs. Private Foundations

Donor Advised Funds are the fastest-growing charitable giving vehicle in the nation and for good reason. These funds offer a highly personalized way to support the causes you care about and create a legacy of giving without the administrative responsibilities, guidelines and costs that come with a private foundation.

| | Donor Advised Fund | Private Foundation |
|--|---|---|
| Startup Procedure | Meet with staff to personalize and complete a fund agreement | Incorporate and apply for IRS tax-exempt approval |
| Startup Timeframe | Immediate | Typically several months |
| Startup Costs | None | Several thousand dollars for legal and accounting expenses and filing fees |
| Effective Gift Size for Startup | \$10,000 | Millions of dollars |
| Involvement & Control | Recommend grants to qualified nonprofits anytime, subject to board approval; Can involve multiple generations and future designees | Appoint a board to control investments and grantmaking; Can involve multiple generations |
| Grantmaking Support | Foundation shares local expertise and provides grantmaking support, research, nonprofit due diligence, accounting and communication with grant recipients | Create and support a grantmaking and monitoring structure; Research and identify qualified nonprofits to support and handle all communication |
| Tax Deductions | Up to 50% of adjusted gross income on cash, up to 30% on appreciated stock, up to 30% on real estate and closely held stock | Up to 30% of adjusted gross income on cash, up to 20% on appreciated stock, up to 20% on real estate |
| Excise Tax | None | 1.39% on annual net investment income |
| Tax Status | Public charity | Private charity |
| Administration | None | Must file annual 990-PF |
| Annual Fees for Endowed Funds | Administration: 1.5% Investment: .40 of 1% (average) | Legal, accounting and administrative costs; Typically in the range of 2-4% per year |
| Privacy | May choose to make grants anonymously or in the name of the fund | Tax return is public record and includes grants, investment fees, board, staff salaries, etc. |
| Distribution Requirements | Based on fund activity | 5% annual distribution required |

Contact us to learn more about the ways we can help you tell your community giving story. Visit csgiving.org/dashboard to access our **Giving Workbook**.



Community Giving
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