

Donor Advised Fund vs. a Private Foundation

A Donor Advised Fund (DAF) at the Community Foundation provides an alternative to a private foundation that can save individuals, families and corporations considerable time and expense, thus enhancing their ability to accomplish philanthropic goals. Start a new fund or make your private foundation a donor advised fund and save yourself the many administrative details that can take the fun out of philanthropy!

DAF at CFGV

1. No initial tax filings; Shares public charity exempt status of CFGV
2. No incorporation documents required
3. Cash Gifts: Deduction **up to 50%** AGI
4. Appreciated Assets: Deduction up to 30% AGI
5. Real Estate contributed during life deductible at Fair Market Value
6. No Federal Taxes
7. No annual pay-out required; can accumulate income toward a sizeable project or grant
8. Very efficient, low cost; 1.25% administrative fee or less, less than 75 basis points investment fee
9. Use professional CFGV staff
10. CFGV does the annual audit and tax filing
11. Anonymity if desired
12. Donor holds advisory powers on grant recommendations; with final approval by CFGV Board of Directors
13. CFGV provides outside investment management
14. Advantages: Deductibility, knowledge, flexibility, permanence, freedom from care

Private Foundation

1. Must file documents with IRS requesting status of Foundation
2. Must incur costs of establishing corporation
3. Cash Gifts: Deduction **up to 30%** AGI
4. Appreciated Assets: Deduction up to 20% AGI
5. Real Estate contributed during life only deductible at Basis
6. Excise Tax of up to 2% of net investment gain, including net capital gains and income
7. Pay-out required: 5% of assets annually
8. More costly – when you add up administrative, accounting, legal, tax and investment fees
9. Must hire staff, contract work out or use volunteer services of directors
10. Must hire auditor and 990 must be filed with IRS annually
11. 990 of Private Foundations available to all via the internet – grants, investments, fees
12. Donor retains complete control, subject to IRS requirements
13. Must research, secure and monitor manager
14. Advantages: Control and independence,