

Comparison of CFAAC Donor Advised Funds vs. Private Foundations

Considerations	CFAAC Donor Advised Funds	Private Foundations (PF)
Ease of Establishment & Tax Exempt Status	Fund is established immediately with a simple agreement and covered by CFAAC's tax exempt status	Corporation or trust required; IRS application for tax exempt status may take 6+ months to process
Start Up Costs	One-time fee of \$250	Generally, \$10,000-\$15,000
Assets Required	\$10,000 minimum (\$25,000 for an endowment fund)	Varies, generally \$2+ million, depending on foundation goals
Investment of Assets	CFAAC Asset Management Committee oversees investment policy	PF must establish policies, select investments, and pay associated fees
Tax Deductions for Cash Gifts	Up to 60% of Adjusted Gross Income	Up to 30% of Adjusted Gross Income
Tax Deductions for Appreciated Publicly-Traded Securities Gifts	Full Market Value up to 30% of Adjusted Gross Income	Full Market Value up to 20% of Adjusted Gross Income
Excise Tax on Investment Income	No Excise Tax	1.39% Excise Tax, with quarterly reports required
Payout Requirements	None, at donor discretion	Annual minimum payout of 5% with penalties if minimum is not met
Annual Tax Filings & Returns	Filed by CFAAC; Donors do not have to keep up with legislative or IRS changes	Must be filed by PF with required detailed reporting schedules and up to date on changing requirements
General Administration	CFAAC modest administrative fee is withdrawn biannually	Trustees must perform the work, contract, or hire staff
Grantmaking Control	Donor may recommend grants to any Qualified 501(c)(3); Grants approved by the CFAAC Board	Trustee appointed Board controls grantmaking to IRS Qualified Charities
Grant Administration	CFAAC staff verifies IRS charity status, writes checks and distributes grants (in the fund name or anonymously) with letters or agreements, and confirms distribution	Trustees must perform the work, contract, or hire staff
Grantmaking Support	CFAAC monitors and researches local nonprofits and offers a wealth of expertise on local need and nonprofits upon request	Trustees must perform the work, contract, or hire staff
Privacy	Yes, fund size/grants are confidential	No, IRS 990-PF public record
Liability & Risk Insurance	Provided by CFAAC at no cost to donor	Must be purchased by PF