

Comparison of CFAAC Donor Advised Funds vs. Private Foundations

Considerations	CFAAC Donor Advised Funds	Private Foundations
Ease of Establishment & Tax Exempt Status	<ul style="list-style-type: none"> Fund is established immediately with a simple agreement and covered by CFAAC's tax exempt status 	<ul style="list-style-type: none"> Corporation or trust required; IRS application for tax exempt status may take 6+ months to process
Start Up Costs	<ul style="list-style-type: none"> One time fee of \$250 	<ul style="list-style-type: none"> Generally \$5,000-\$10,000
Assets Required	<ul style="list-style-type: none"> \$10,000 minimum 	<ul style="list-style-type: none"> \$8+ million to be cost-effective
Investment of Assets	<ul style="list-style-type: none"> CFAAC Investment Committee oversees investment policies 	<ul style="list-style-type: none"> PF must establish policies, select investments and pay associated fees
Tax Deductions for Cash Gifts	<ul style="list-style-type: none"> Up to 50% Adjusted Gross Income 	<ul style="list-style-type: none"> Up to 30% Adjusted Gross Income
Tax Deductions for Appreciated Publicly-Traded Securities Gifts	<ul style="list-style-type: none"> Full Market Value up to 30% Adjusted Gross Income 	<ul style="list-style-type: none"> Full Market Value up to 20% Adjusted Gross Income
Excise Tax on Investment Income	<ul style="list-style-type: none"> No Excise Tax 	<ul style="list-style-type: none"> 2% Excise Tax
Payout Requirements	<ul style="list-style-type: none"> None, at donor discretion 	<ul style="list-style-type: none"> Annual minimum payout 5%
Annual Tax Filings & Returns	<ul style="list-style-type: none"> Filed by CFAAC 	<ul style="list-style-type: none"> Must be filed by PF with required detailed reporting schedules
General Administration	<ul style="list-style-type: none"> CFAAC modest administrative fee is withdrawn biannually 	<ul style="list-style-type: none"> Trustees must perform, contract or hire staff
Grantmaking Control	<ul style="list-style-type: none"> Donor may recommend grants to any Qualified 501 (c)3; Grants approved by the CFAAC Board 	<ul style="list-style-type: none"> Trustee appointed board controls grantmaking to IRS Qualified Charities
Grant Administration	<ul style="list-style-type: none"> CFAAC staff verifies IRS charity status, writes checks and distributes grants (in the fund name or anonymously) with letters or agreements, and confirms distribution 	<ul style="list-style-type: none"> Trustees must perform, contract or hire staff
Grantmaking Support	<ul style="list-style-type: none"> CFAAC monitors and researches local nonprofits and offers a wealth of expertise on local need and nonprofits on request 	<ul style="list-style-type: none"> Trustees must perform, contract or hire staff
Privacy	<ul style="list-style-type: none"> Yes, fund size/grants are confidential 	<ul style="list-style-type: none"> No, IRS 990-PF public record
Liability & Risk Insurance	<ul style="list-style-type: none"> Provided by CFAAC at no cost to donor 	<ul style="list-style-type: none"> Must be purchased by PF