

# Comparison of CFAAC Donor Advised Funds vs. Private Foundations

Considerations	CFAAC Donor Advised Funds	Private Foundations (PF)
<b>Ease of Establishment &amp; Tax Exempt Status</b>	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
<b>Start Up Costs</b>	One-time fee of \$250	Generally, \$10,000-\$15,000
<b>Assets Required</b>	\$10,000 minimum (\$25,000 for an endowment fund)	Varies, generally \$2+ million, depending on foundation goals
<b>Investment of Assets</b>	CFAAC Asset Management Committee oversees investment policy	PF must establish policies, select investments, and pay associated fees
<b>Tax Deductions for Cash Gifts</b>	Up to 60% of Adjusted Gross Income	Up to 30% of Adjusted Gross Income
<b>Tax Deductions for Appreciated Publicly-Traded Securities Gifts</b>	Fair Market Value up to 30% of Adjusted Gross Income	Fair Market Value up to 20% of Adjusted Gross Income
<b>Excise Tax on Investment Income</b>	No Excise Tax	1.39% Excise Tax, with quarterly reports required
<b>Payout Requirements</b>	None, at donor discretion	Annual minimum payout of 5% with penalties if minimum is not met
<b>Annual Tax Filings &amp; Returns</b>	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
<b>General Administration</b>	CFAAC modest administrative fee is withdrawn biannually	Trustees must perform the work, contract, or hire staff
<b>Grantmaking Control</b>	Donor may recommend grants to any Qualified 501(c)(3); Grants approved by the CFAAC Board of Trustees	Trustee appointed Board controls grantmaking to IRS Qualified Charities
<b>Grant Administration</b>	CFAAC staff verifies IRS status, distributes grants and confirms distribution	Trustees must perform the work, contract, or hire staff
<b>Grantmaking Support</b>	CFAAC monitors and researches nonprofits and offers expertise on local needs and nonprofits	Trustees must perform the work, contract, or hire staff
<b>Privacy</b>	Yes, fund size/grants are confidential	No, IRS 990-PF public record
<b>Liability &amp; Risk Insurance</b>	Provided by CFAAC at no cost to donor	Must be purchased by PF