

## 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>	<ul style="list-style-type: none"> <li>Fund is established immediately with a simple agreement and covered by CFAAC's tax exempt status</li> </ul>	<ul style="list-style-type: none"> <li>Corporation or trust required; IRS application for tax exempt status may take 6+ months to process</li> </ul>
<b>Start Up Costs</b>	<ul style="list-style-type: none"> <li>One time fee of \$250</li> </ul>	<ul style="list-style-type: none"> <li>Generally \$5,000-\$10,000</li> </ul>
<b>Assets Required</b>	<ul style="list-style-type: none"> <li>\$10,000 minimum(\$25,000 for an endowment fund)</li> </ul>	<ul style="list-style-type: none"> <li>\$8+ million to be cost-effective</li> </ul>
<b>Investment of Assets</b>	<ul style="list-style-type: none"> <li>CFAAC Asset Management Committee oversees investment policy</li> </ul>	<ul style="list-style-type: none"> <li>PF must establish policies, select investments, and pay associated fees</li> </ul>
<b>Tax Deductions for Cash Gifts</b>	<ul style="list-style-type: none"> <li>Up to 60% of Adjusted Gross Income</li> </ul>	<ul style="list-style-type: none"> <li>Up to 30% of Adjusted Gross Income</li> </ul>
<b>Tax Deductions for Appreciated Publicly-Traded Securities Gifts</b>	<ul style="list-style-type: none"> <li>Full Market Value up to 30% of Adjusted Gross Income</li> </ul>	<ul style="list-style-type: none"> <li>Full Market Value up to 20% of Adjusted Gross Income</li> </ul>
<b>Excise Tax on Investment Income</b>	<ul style="list-style-type: none"> <li>No Excise Tax</li> </ul>	<ul style="list-style-type: none"> <li>2% Excise Tax</li> </ul>
<b>Payout Requirements</b>	<ul style="list-style-type: none"> <li>None, at donor discretion</li> </ul>	<ul style="list-style-type: none"> <li>Annual minimum payout of 5%</li> </ul>
<b>Annual Tax Filings &amp; Returns</b>	<ul style="list-style-type: none"> <li>Filed by CFAAC</li> </ul>	<ul style="list-style-type: none"> <li>Must be filed by PF with required detailed reporting schedules</li> </ul>
<b>General Administration</b>	<ul style="list-style-type: none"> <li>CFAAC modest administrative fee is withdrawn biannually</li> </ul>	<ul style="list-style-type: none"> <li>Trustees must perform the work, contract, or hire staff</li> </ul>
<b>Grantmaking Control</b>	<ul style="list-style-type: none"> <li>Donor may recommend grants to any Qualified 501(c)(3); Grants approved by the CFAAC Board</li> </ul>	<ul style="list-style-type: none"> <li>Trustee appointed Board controls grantmaking to IRS Qualified Charities</li> </ul>
<b>Grant Administration</b>	<ul style="list-style-type: none"> <li>CFAAC staff verifies IRS charity status, writes checks and distributes grants (in the fund name or anonymously) with letters or agreements, and confirms distribution</li> </ul>	<ul style="list-style-type: none"> <li>Trustees must perform the work, contract, or hire staff</li> </ul>
<b>Grantmaking Support</b>	<ul style="list-style-type: none"> <li>CFAAC monitors and researches local nonprofits and offers a wealth of expertise on local need and nonprofits upon request</li> </ul>	<ul style="list-style-type: none"> <li>Trustees must perform the work, contract, or hire staff</li> </ul>
<b>Privacy</b>	<ul style="list-style-type: none"> <li>Yes, fund size/grants are confidential</li> </ul>	<ul style="list-style-type: none"> <li>No, IRS 990-PF public record</li> </ul>
<b>Liability &amp; Risk Insurance</b>	<ul style="list-style-type: none"> <li>Provided by CFAAC at no cost to donor</li> </ul>	<ul style="list-style-type: none"> <li>Must be purchased by PF</li> </ul>