

Comparison of Endowment-Style Charitable Vehicles

Criteria	Community Foundation Donor Advised Fund	Private Foundation
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Start-up Considerations

Costs	None	Varies with the size of the foundation, choice of board, level of services but must cover legal and accounting expenses as well as filing fees.
Time-Frame	Immediate	Typically 1 -2 months
Minimum Contribution	\$10,000	None - but smaller private foundations may not be cost effective. Typically \$5 million minimum recommended.

Tax Considerations

Tax Status	Public charity status. No additional filings needed.	Private foundation status established as a new entity.
Tax Return & Filings	N/A - Covered by the Community Foundation's 990 tax form.	Performed by trustees, officers, staff or hired professionals.
Excise Tax	N/A	Various excise taxes imposed for failure to meet payout requirement and for engaging in certain prohibited transactions.

Income Tax Deductions for Gifts of:

Cash	Up to 50% of adjusted gross income (AGI)	Up to 30% of AGI
Publicly traded securities	Fair market value up to 30% of AGI if assets held 12 months by donor.	Fair market value up to 20% of AGI if assets held for 12 months by donor.
Real Estate, Closely held Securities, etc.	Fair market value (FMV) up to 30% of AGI if assets held 12 months or longer by donor.	Deductible at cost basis, or FMV whichever is <u>lower</u> , up to 20% of AGI.

Annual Administrative Requirements

Fees	0.5% to 1.50% depending upon level of assets.	Professional service fees for grantmaking, administration and investment support increasing with size of foundation.
Taxes	None	Excise tax of up to 2% of net investment income, including net capital gains.
Reporting	None	Annual tax return including detailed financial schedules responsibility of the Private Foundation.

Privacy	YES: Donors and their respective grants may remain anonymous.	No: IRS Form 990-PF discloses all expenses, officers, directors, and all grants made.
Grantmaking Advice & Follow-up	The Community Foundation's professional staff is available to help identify and assess grantees, provide input on community needs, and ensure recipients are qualified and effective.	Foundation must arrange and support its own grantmaking and monitoring activities.
Donor Control	Donor recommends grants to the Community Foundation for distribution to qualified organizations. Community Foundation handles grant administration. Donor may also recommend investment managers.	Donor appoints board which controls grantmaking and investments.
Board Composition	N/A	Can include donors, founder, family and heirs.
Distributions to Individuals	Not allowed except to qualified scholarships.	Not allowed.
International Grants	Allowed	Allowed
Distribution Requirements	None	At least 5% of net asset value annually. Penalty if not followed.