



Donor Advised Fund OR Private Foundation?

A Donor Advised Fund can be a very powerful vehicle for giving, while offering many advantages over a private or family foundation in terms of simplicity, ease of administration, and tax treatment.

I. Income Tax Deduction for Donor	Donor Advised Fund	Private Foundation
Percentage limitations (adjusted gross income)		
Cash gifts	50%	50%
Capital gain stock or other asset or property	30%	20%
Carry-over available	YES	YES
Amount deductible, subject to percentage limits		
Capital stock in publicly traded corporations	Fair mkt. value	Fair mkt. value
Other capital gain property	Fair mkt. value	Basis only or fair mkt. value, depending on timing
NOTE: The above apply when the donor's income is sufficient to allow for the full deductions and the alternative minimum tax is not triggered.		
II. Operating Rules of Internal Revenue Code	Donor Advised Fund	Private Foundation
Excise tax on investment income	NO	YES
Minimum payout requirement	NO	YES
Application of restrictions on self-dealing	NO	YES
Ability to make grant to repay donor's debt or pledge	NO	NO
Restrictions on holding interests in business enterprises	NO	YES
Grants for lobbying	Some, limited	NO
Application of expenditure responsibility procedures for grants to organizations that are not public charities	NO	YES
Restrictions on scholarship & research grants	NO	YES
Possibility of advisory role for donors in grantmaking	YES	YES
Possibility of family members advising in grantmaking	YES, if donor requests	YES
Possibility of legal control in grantmaking	NO	YES

III. Accounting and Tax Preparation	Donor Advised Fund	Private Foundation
Separate tax return required annually	NO	YES
Separate account statements required	NO	YES
Tax returns open to public inspection	N/A	YES
IV. Investment and Administration	Donor Advised Fund	Private Foundation
Opportunity to participate in Community Foundation investment pool	YES	NO
Possibility of donor control over investments	NO	YES
Access to advice and counsel of professional staff	YES	Only if staff is employed or retained on consulting basis
Possibility of grants to out-of-state charities	YES	YES
Feasibility of grantmaking to foreign charities that do not have an office in the USA	NO, in most cases	YES
Time required to establish	ONE DAY	MONTHS