



# DONOR ADVISED FUND VS. PRIVATE FOUNDATION

## SET-UP CONSIDERATIONS

	DONOR ADVISED FUND AT STARK COMMUNITY FOUNDATION	PRIVATE FOUNDATION
<b>TIME FRAME</b>	Immediate	Initial set up 1 to 2 months
<b>RECOMMENDED MINIMUM CONTRIBUTION</b>	\$10,000	At least \$1 million recommended to justify startup and maintenance costs

## TAX CONSIDERATIONS

<b>CASH</b>	Deduction of up to 60% of AGI	Deduction of up to 30% of AGI
<b>PUBLICLY TRADED SECURITIES</b>	FMV deduction of up to 30% of AGI	FMV deduction of up to 20% of AGI
<b>CLOSELY HELD STOCK/REAL ESTATE</b>	FMV deduction of up to 30% of AGI	Deduction is limited to the donor's cost basis or FMV, whichever is lower, up to 20% of AGI
<b>TAX STATUS</b>	501(c)(3) public charity as a component fund of SCF	501(c)(3) private foundation; not as favorable as public charity status
<b>TAX RETURN AND AUDITS</b>	Not applicable	Must be performed by foundation managers or a professional accountant
<b>PRIVATE FOUNDATION EXCISE TAXES</b>	Not applicable	Excise tax of 1 or 2% on net investment income and substantial excise taxes imposed for failure to meet payout requirement and for engaging in certain prohibited transactions such as self-dealing

<b>ADMINISTRATIVE SERVICES</b>	Most services covered by an annual fee of approximately 1% (depending on total assets donated) of FMV of assets	Must be performed by board members or officers ("foundation managers") or any hired staff
<b>PAYOUT REQUIREMENT</b>	No required payout	Annual payout of at least 5% of foundation assets
<b>DONOR INVESTMENT</b>	Donor recommends grants to SCF for distribution to qualified 501(c)(3) organizations; successor fund advisors can be named for generations; the fund will maintain its name in perpetuity	Donor appoints board, which controls investments and grantmaking
<b>GRANTMAKING SUPPORT</b>	SCF's professional staff can help identify and assess grantees, and advise on community needs; educational events and consultation available	Grantmaking activities must be conducted by foundation managers or hired staff