



DONOR ADVISED FUND VS. PRIVATE FOUNDATION

SET-UP CONSIDERATIONS

	DONOR ADVISED FUND AT STARK COMMUNITY FOUNDATION	PRIVATE FOUNDATION
TIME FRAME	Immediate	Initial set up 2 to 3 months
RECOMMENDED MINIMUM CONTRIBUTION	\$10,000	At least \$5 million recommended to justify startup and maintenance costs

TAX CONSIDERATIONS

CASH	Deduction of up to 60% of AGI	Deduction of up to 30% of AGI
PUBLICLY TRADED SECURITIES	FMV deduction of up to 30% of AGI	FMV deduction of up to 20% of AGI
CLOSELY HELD STOCK/REAL ESTATE	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
TAX STATUS	501(c)(3) public charity as a component fund of SCF	501(c)(3) private foundation; not as favorable as public charity status
TAX RETURN AND AUDITS	Not applicable	Must be performed by foundation managers or a professional accountant
PRIVATE FOUNDATION EXCISE TAXES	Not applicable	Excise tax of 1.39% 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

ADMINISTRATIVE SERVICES	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
PAYOUT REQUIREMENT	No required payout	Annual payout of at least 5% of foundation assets
DONOR INVESTMENT	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
GRANTMAKING SUPPORT	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