



A Comparison of Philanthropy Options

	Community Foundation Donor-Advised Funds	Private or Family Foundations
Definition	A charitable fund established with a public charity (a community foundation), from which donors may suggest grants to not-for-profit organizations	A charitable organization that is established by a single source such as an individual, family or corporation rather than broadly supported by the general public
Control Over Investment & Grantmaking Decisions	Fundholders may recommend grants, which are reviewed for due diligence standards and approved by the Community Foundation	Donors/board members/trustees have complete control of all grantmaking and investment decisions (subject to self-dealing rules)
Required Payout	None	Must expend 5% of net asset value annually, regardless of investment return of foundation assets
Ongoing Administrative & Management Costs	Varies with level of services, typically less than private foundations	Varies with level of services
Start-up Costs	None	Legal fees and other start-up costs can be substantial
Privacy	Names of individual donors and grants can be kept confidential	Tax returns are public and must include information on donations, grants, investments and expenses
Assistance with Grantmaking	Fundholders may rely on professional staff of community foundation for assistance	Foundation board is essentially on its own
Governance & Succession	Donors select advisors and/or successor advisors	No restrictions on who serves on board; rules governing private foundations can be complex
Perpetuity	Can exist in perpetuity. A succession plan can be created by the advisor and aligned with donor intent	Can exist in perpetuity; can be challenges into future generations
Limits on Tax Deduction for Cash Gifts*	60% of adjusted gross income	30% of adjusted gross income
Limits on Tax Deduction for Gifts of Stock or Real Property	30% of adjusted gross income on gifts; all gifted assets valued at fair market value	20% of adjusted gross income on gifts valued at fair market value; gifts other than qualified publicly traded stock valued at cost basis
Excise Taxes	None	1% - 2% of annual net investment income

*Excess in any year's donations can be carried forward up to five years