



**Community**  
 FOUNDATION  
 OF THE NORTH STATE

# COMPARING THE OPTIONS

DONOR ADVISED FUNDS VS.  
 PRIVATE FOUNDATIONS

ASPECT	DONOR ADVISED FUND	PRIVATE FOUNDATION
Structure	Component part of the Community Foundation established by the fund agreement	Separate nonprofit corporation or trust organized as a private foundation
Tax Exempt Status	Shares the Community Foundation's tax-exempt status	Apply to IRS for tax exempt status
Start-Up Costs	No start-up costs	Costs of establishing can be substantial, including legal, accounting and operational start-up expenses
Privacy	Grants may be anonymous at the donor's request; all gifts are private	All grants, gifts, and operating expenses are public
Charitable Deductions for Cash Gifts	Tax deduction of up to 60% of adjusted gross income	Tax deduction of up to 30% of adjusted gross income
Charitable Deductions for Long-Term Appreciated Property	Tax deduction for full FMV of marketable securities and other property for those who itemize	Tax deduction for full FMV of marketable securities only; limited to the lower of cost or FMV for other property
	Tax deduction of up to 30% of adjusted gross income	Tax deduction of up to 20% of adjusted gross income

ASPECT	DONOR ADVISED FUND	PRIVATE FOUNDATION
Donor Involvement	Donor recommends grants; the Community Foundation completes all due diligence for final approval by the Board	Donor retains complete control over investments and grant making, subject to self-dealing and excess benefit rules requirements
Payout Requirements	None, however funds are encouraged to make grants annually	Must pay out a minimum of 5% annually
Administrative Services	Provided by the Community Foundation	Services arranged by donor
Annual Costs	Fee schedule applied as a % of fair-market value of assets, declining as asset size increases	Separate costs for staff, administrative support, office space, accounting, investments, grant processing, tax filing, etc.
Annual Taxes	None	Excise tax up to 2% of net investment gain, including net capital gains and income
Annual Tax Filings & Returns	Part of the Community Foundation's annual reporting	Must be filed by the private foundation with required reporting schedules
Investments	The Community Foundation professionally invests assets with oversight provided by the Board's investment committee	Must research, hire, monitor and evaluate its own investment managers
Fiduciary Responsibility	The Community Foundation assumes all fiduciary responsibilities	Private foundation board has fiduciary responsibility
Directors & Officers Insurance	Provided by Community Foundation	Must be purchased separately

For more information visit [cfnorthstate.org](http://cfnorthstate.org) or call (530) 244-1219