



COMPARING COMMON APPROACHES TO GIVING

Giving Approaches	Donor Advised Fund	Charitable Gift Fund	Private Foundation
Donor Involvement	Donor recommends grants to qualified nonprofits. Grants are approved by a Board of Directors comprised of community leaders.	Donor recommends grants to qualified nonprofits. Grants are approved by a Board that oversees the selected gift fund.	Donor is made responsible for appointing a Board of Directors, which controls all investments and grantmaking.
Tax Status	Public charity.	Public charity.	Private charity.
Excise Tax	None. Investment earnings grow tax-free, increasing the principal.	None. Investment earnings grow tax-free, increasing the principal.	Excise tax is 2% of net investment income annually.
Income Tax Deductions			
• Cash	Up to 60% of adjusted gross income.	Up to 60% of adjusted gross income.	Up to 30% of adjusted gross income.
• Publicly traded stock	Fair market value up to 30% of adjusted gross income.	Fair market value up to 30% of adjusted gross income.	Fair market value up to 20% of adjusted gross income.
• Real estate and closely held stock	Fair market value up to 30% of adjusted gross income.	Fair market value up to 30% of adjusted gross income.	Cost basis up to 20% of adjusted gross income.
Grantmaking Support	Professional staff is available to help identify and assess potential grantees, provide input on community needs and verify tax status of nonprofits.	Very little support. Corporate headquarters are not community based, which limits expertise of local needs and knowledge of regional projects and programs.	Donors must arrange and support their own grantmaking and monitoring structure, which includes all administration and extensive reporting.
Required Annual Grants	No minimum requirements for annual grantmaking, though granting is encouraged.	Varies, but some require a minimum of the fund's net assets on a five-year rolling basis.	Required to grant 5% of the total balance annually. 15% penalty on undistributed income.
Start-Up Timeline	Can be established immediately.	Can be established immediately.	Typically takes several months.
Initial Cost	None.	None.	Substantial legal and accounting expenses and filing fees.
Minimum Contribution	\$10,000 is needed to open a fund.	Varies in the thousands of dollars.	Typically millions of dollars.
Administrative Costs	Annual fee assessed on a sliding scale that is generally 1%.	Varies and may include hidden fees or charges.	Substantial ongoing expense that is typically 2.5% to 4% annually.
Reporting	No additional reporting requirements.	No additional reporting requirements.	Annual tax forms must be filed by a private foundation.
Investments	Leverages sound strategy already in place. Donor's investment advisor can manage assets.	Leverages sound strategy already in place, but occasionally restrict who can manage assets.	Donor must develop and implement strategy, or rely on their appointed Board to do so.
Privacy	Donors or grants can remain anonymous, and the Community Foundation can serve as a buffer between donors and grant seekers if desirable.	Donors may remain anonymous.	Required to file tax returns on grants, investment fees, staff salaries, etc. These become public records and are added to directories used by grant seekers.