



## Comparison among Donor Advised Funds, Supporting Organizations and Private Foundations

ISSUE / FEATURE	DONOR ADVISED FUNDS	SUPPORTING ORGANIZATIONS	PRIVATE FOUNDATIONS
<b>Description of Donor's role and Governance</b>	Donors are advisors. Ultimate control rests with the public charity.	Donor cannot control more than 49% of the board but can control who the supported organization(s) is and then may participate in the selection of board members	Donor family can control 100% of board; however, after donor's death, the board has control.
<b>Control over grants and assets</b>	Donor may recommend grants and investment options, but the public charity has ultimate control over decisions.	Donor may recommend grants and investments, but the board of the SO has ultimate control over decisions.	Board has complete control of all grants and investment decisions, subject to self-dealing rules.
<b>Tax deduction limits for gifts of cash and publicly traded securities</b>	Cash: 50% of adjusted gross income Publicly traded securities: 30% of adjusted gross income.	Cash: 50% of adjusted gross income. Publicly traded securities: 30% of adjusted gross income.	Cash: 30% of adjusted gross income. Publicly traded securities: 20% of adjusted gross income.
<b>Tax deduction limits for gifts of other non-liquid appreciated assets held long-term</b>	Fair market value	Fair market value	Restricted to donor's basis in asset
<b>Excise taxes</b>	None	None	Up to 2% of net investment income
<b>Distribution requirements</b>	None	None	5% of foundation assets must be distributed annually.
<b>Start up costs</b>	None	Legal and accounting fees for incorporation, IRS filing, and other documents (+/- \$4,000).	Legal and accounting fees for incorporation, IRS filing and other documents (\$5,000 – \$20,000 <sup>1</sup> ).
<b>On-going administrative and management costs</b>	Varies depending on the public charity providing the service. Generally 1% per year or less.	On-going fees for accounting, legal and administrative advisors (\$5,000 – \$20,000 <sup>1</sup> ) to oversee the assets, balance the books, pay the bills, keep the records and file the tax returns.	On-going fees for accounting, legal and administrative advisors (\$5,000 – \$20,000 <sup>1</sup> ) to oversee the assets, balance the books, pay the bills, keep the records and file the tax returns.
<b>Ability to employ people/ pay salaries and benefits</b>	No	Yes, subject to excess compensation limits. No to disqualified persons	Yes, subject to excess compensation limits.
<b>Ability to pay expenses for travel/other reimbursements</b>	No	Yes, able to pay expenses but not able to reimburse expenses to disqualified persons.	Yes
<b>Ability to make grants to non-exempt individuals or foreign charitable organizations</b>	No to individuals. Yes to foreign charities, however it is often the policy of the DAF's to limit grants to foreign charities.	Yes, however, thorough and documented due diligence (satisfactory to the IRS) must be acquired prior to issuance of grant and after funds are expended. This is true of a donor advised fund (to foreign charities), as well.	Yes, however, thorough and documented due diligence (satisfactory to the IRS) must be acquired prior to issuance of grant and after funds are expended.
<b>Anonymity of donor</b>	Yes	No <sup>2</sup>	No <sup>2</sup>
<b>Privacy</b>	Complete privacy is available. DAF information is aggregated with other DAF information to maintain privacy, and an individual tax return is not required for each DAF.	Must file Form 990 which becomes a matter of public record and contains detailed information on grants, investment fees, salaries, etc. <sup>2</sup>	Must file Form 990 which becomes a matter of public record and contains detailed information on grants, investment fees, salaries, etc. <sup>2</sup>
<b>Succession and Perpetuity</b>	Can exist in perpetuity	Can exist in perpetuity	Can exist in perpetuity

<sup>1</sup> The creation of any legal entity, especially one that could last in perpetuity and/or involves irrevocable actions, requires the careful input and oversight of a competent attorney that has a thorough understanding of the donor's family and their giving goals and objectives.

<sup>2</sup> Combining this tool with a donor advised fund (NCF Giving Fund) can achieve partial privacy and anonymity.