



The Community Foundation of Shelby County

A Comparison: Donor Advised Funds, Supporting Organizations and Private Foundations

People like options. More over, they like to understand their options. This comparison summarizes three charitable vehicles that enable donor involvement for granting and investment. To the general public and grant recipients, there would likely be no difference in the outward appearance of each, but the internal workings are vastly different.

For details on creating a donor advised fund or a supporting organization, please contact Jessica Fortkamp, Donor Relations Director, at the Community Foundation of Shelby County. (937) 497-7800 or jfortkamp@commfoun.com

	Donor Advised Funds and Gift Accounts of the Community Foundation	Supporting Organization of the Community Foundation	Private Foundation
IRS Tax Status	Public charity	Public charity	Private foundation
Amount Deductible			
Cash	60% of Adjusted Gross Income (AGI)	50% of AGI	30% of AGI
Publicly Traded Securities	Fair Market Value (FMV) up to 30% of AGI	FMV of 30% of AGI	20% of AGI
Closely-Held Stock/ Real Estate	FMV up to 30% of AGI	FMV up to 30% of AGI	Limited to cost basis, up to 20% of AGI
Distribution Requirement	No legally required payout. Typically, donor advised funds issue a varying amount of grants to favorite charities each year. May also accept grant proposals, if preferred.	No legally required payout. Typically, supporting organizations issue a varying amount of grants to favorite charities each year. May also accept grant proposals, if preferred.	Annual payout of no less than 5% of foundation net asset value is required by law. May issue grants to favorite charities or seek grant proposals.
Donor Involvement	Donor typically names an advisory committee to include themselves, children or others who recommend grants and investments. Foundation board retains final approval.	Donor, family and friends may serve on the board. CFSC appoints a majority of board. SO board controls grantmaking and investment decisions	Donor appoints board. PF board controls grantmaking and investment decisions.

**Donor Advised Funds
and Gift Accounts****Supporting Organization****Private Foundation****Start-Up Considerations**

Costs	None	None	Legal, accounting and/or filing fees are paid by the Private Foundation
Time Frame	Immediate, no filings needed. Fund agreement template available.	Generally several months to obtain an IRS 501(c)(3) tax exemption status.	Generally several months to obtain an IRS 501(c)(3) tax exemption status.
Minimum Asset Amount	\$25,000	\$2 million	Can vary, but often an amount high enough to justify start-up and maintenance costs.

Administration

Administrative Services	CFSC staff handles gift and grant processing tasks, including due diligence.	CFSC staff handles gift and grant processing tasks, including due diligence.	All functions performed by trustees, officers or hired staff.
Operating Expenses	Fees based upon asset size, as listed on the CFSC Fee Schedule. Expenses shared by all funds.	Administration fee of 1%.	Cost of legal, accounting and administrative work paid by Private Foundation.
Management Needs	CFSC board employs staff to serve all funds, purchases insurance coverage, maintains operating equipment and software.	CFSC board employs staff to serve all funds, purchases insurance coverage, maintains operating equipment and software.	Donor or trustees must be actively involved or oversee staff or management company. Purchases own insurance, operating equipment and software.

Accounting & Investment

Tax Return & Filings	Not applicable. Covered by CFSC's 990 tax form. Cost paid by CFSC.	Separate 990 form completed and filed by CFSC.	990PF form completed and filed at Private Foundation's expense.
Investment Management	Policy and mechanisms in place. Monitored and evaluated by Investment Committee. Donor advisors may recommend investment pool preference.	Option to invest in investment pools or to select other investment managers.	Responsibility of trustees, professional investment advisors or hired staff.
Tax Considerations	None	None	2% excise tax on net investment income.

Future Considerations

Successor advisory committee members may be written into agreement. Donor typically determines eventual use of fund as either a community granting or designated use fund.	Donor determines future. Board members may be continually appointed by CFSC, may merge into CFSC as a community granting or designated use fund, or may be depleted.	Provisions must be made for future trustees, granting program, maintenance or eventual dissolution. May be able to merge into CFSC as a separate charitable fund to receive needed administrative and granting services.
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