



**TOOLS FOR GIVING: COMPARING TWO APPROACHES**

	<b>PRIVATE FOUNDATION</b>	<b>COMMUNITY FOUNDATION DONOR-ADVISED FUND</b>
<b>Control</b>	Donor retains maximum control of board, investments, and grantmaking.	Donor provides advice to Community Foundation on grants to qualified nonprofit groups, subject to approval by the board. Investments structured by Community Foundation's investment committee.
<b>Tax Deductibility</b>	Cash up to 30%; real property, appreciated and closely held stock up to 20%	Cash up to 50%; real property, appreciated and closely held stock up to 30%
<b>Minimum payout requirement</b>	5% annually	None
<b>Investment Flexibility</b>	Must divest excess business holdings (closely held stock) within five years or pay excise tax.	Donors choose among investment strategies offered by the Community Foundation
<b>Continuity</b>	Can continue to future generations.	Donor may name a successor advisor(s) to his or her fund.
<b>Grantmaking Support</b>	Must create and support own grantmaking and monitoring structure	Community Foundation's professional staff provides as much or as little advice as needed
<b>Administration</b>	Legal and accounting fees run to thousands every year; filing fees and an annual tax return are required	Nothing required of donor; Community Foundation does all reporting. Administration is pooled for a modest annual fee.
<b>Privacy</b>	Income, grants, Board names and staff salaries reported to the public annually, with donor's name	Aggregate reporting allows complete anonymity; donor's name not attached to fund's grantmaking or reporting, if desired. Alternately, donor's name can feature prominently in fund's name and grantmaking if donor wishes.
<b>Excise Taxes</b>	1% to 2% of investment income annually	None
<b>Liability &amp; Risk Insurance</b>	Must be purchased by the private foundation	Provided by the Community Foundation up to \$10 million
<b>Staff</b>	Can employ family members.	Access to Community Foundation staff (for investment, grantmaking expertise)
<b>Start-Up Timeframe</b>	Months for IRS approval	Immediate - can be done in a day
<b>Start-Up Costs</b>	Thousands in legal and accounting fees	None
<b>Ongoing Costs</b>	Thousands to prepare and file tax return and other documentation	Fund pays modest annual fee to Community Foundation for pooled administration and investment management