

# Comparing Donor Advised Funds vs. Private Foundations

Donor Advised Funds are the fastest-growing charitable giving vehicle in the nation and for good reason. These funds offer a highly personalized way to support the causes you care about and create a legacy of giving without the administrative responsibilities, guidelines and costs that come with a private foundation.

	Donor Advised Fund	Private Foundation
<b>Startup Procedure</b>	Meet with staff to personalize and complete a fund agreement	Incorporate and apply for IRS tax-exempt approval
<b>Startup Timeframe</b>	Immediate	Typically several months
<b>Startup Costs</b>	None	Several thousand dollars for legal and accounting expenses and filing fees
<b>Effective Gift Size for Startup</b>	\$10,000	Millions of dollars
<b>Involvement &amp; Control</b>	Recommend grants to qualified nonprofits anytime, subject to board approval; Can involve multiple generations and future designees	Appoint a board to control investments and grantmaking; Can involve multiple generations
<b>Grantmaking Support</b>	Foundation shares local expertise and provides grantmaking support, research, nonprofit due diligence, accounting and communication with grant recipients	Create and support a grantmaking and monitoring structure; Research and identify qualified nonprofits to support and handle all communication
<b>Tax Deductions</b>	Up to 50% of adjusted gross income on cash, up to 30% on appreciated stock, up to 30% on real estate and closely held stock	Up to 30% of adjusted gross income on cash, up to 20% on appreciated stock, up to 20% on real estate
<b>Excise Tax</b>	None	1.39% on annual net investment income
<b>Tax Status</b>	Public charity	Private charity
<b>Administration</b>	None	Must file annual 990-PF
<b>Annual Fees for Endowed Funds</b>	Administration: 1.5% Investment: .40 of 1% (average)	Legal, accounting and administrative costs; Typically in the range of 2-4% per year
<b>Privacy</b>	May choose to make grants anonymously or in the name of the fund	Tax return is public record and includes grants, investment fees, board, staff salaries, etc.
<b>Distribution Requirements</b>	Based on fund activity	5% annual distribution required

Contact us to learn more about the ways we can help you tell your community giving story. Visit [csgiving.org/dashboard](https://csgiving.org/dashboard) to access our **Giving Workbook**.



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FOUNDATION™

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