

# Comparison of DONOR-ADVISED FUNDS *and* PRIVATE FOUNDATIONS

POINTS TO CONSIDER	DONOR-ADVISED FUND at CFT	PRIVATE FOUNDATION
LEGAL IDENTITY	Component fund at Communities Foundation of Texas	Separate nonprofit entity
TAX STATUS	Public charity	Private charity
DONOR INVOLVEMENT	Donor recommends investment allocation and grants to nonprofits, which are approved by CFT	Donor appoints board which controls investments and grantmaking; subject to IRS requirements
PRIVACY	Donor may be anonymous	Asset and grant information is public
MINIMUM CONTRIBUTION	\$5,000	Typically, several million dollars
ANNUAL CHARITABLE PAYOUT	Not applicable; no artificial timeline	At least 5% of assets
IRS REPORTING	CFT handles collectively	Annual IRS Form 990 filed with required reporting schedules
LIABILITY and RISK INSURANCE	Provided by CFT	Purchased by the foundation
FIDUCIARY RESPONSIBILITY	CFT fulfills	Board fulfills

## TAX DEDUCTIONS

INCOME TAX DEDUCTIONS for CASH GIFTS	Up to 60% of adjusted gross income	Up to 30% of adjusted gross income
INCOME TAX DEDUCTIONS for APPRECIATED STOCK GIFTS	Fair market value up to 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
INCOME TAX DEDUCTIONS for REAL ESTATE and CLOSELY HELD STOCK GIFTS	Fair market value up to 30% of adjusted gross income	Cost basis up to 20% of adjusted gross income

## ADMINISTRATION AND GRANTMAKING

GRANTMAKING	CFT assists donor in identification and vetting of nonprofits	Establishes and supports a grantmaking and monitoring structure
ADMINISTRATION	Services provided by CFT	Accounting, investments and IRS filings handled by foundation

## TAX DEDUCTIONS

START-UP COST	None	Varies with size and complexity
SERVICE and INVESTMENT FEES	Moderate	Varies with size and complexity
EXCISE TAXES	None	Subject to an excise tax of up to 2% net investment gain, including net capital gain and income