

Comparison Among Donor Advised Funds, Supporting Organizations and Private Foundations

ISSUE / FEATURE	DONOR ADVISED FUNDS	SUPPORTING ORGANIZATIONS	PRIVATE FOUNDATIONS
Description of Donor's role and Governance	Donors are advisors. Ultimate control rests with the public charity	Donor cannot control more than 49% of the board, but controls 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.
Control over grants and assets	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
Tax deduction limits for gifts of cash and publicly traded securities	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
Tax deduction limits for gifts of other non-liquid appreciated assets held long-term	Fair market value	Fair market value	Restricted to donor's basis in asset
Excise taxes	None	None	Up to 2% of net investment income
Distribution requirements	None	None	5% of foundation assets must be distributed annually
Start up costs	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 ¹)
On-going administrative and management costs	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 ¹) 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 ¹) to oversee the assets, balance the books, pay the bills, keep the records and file the tax returns
Ability to employ people/ pay salaries and benefits	No	Yes subject to excess compensation limits	Yes subject to excess compensation limits
Ability to pay expenses for travel/other reimbursements	No	Yes	Yes
Ability to make grants to non-exempt individuals or foreign charitable organizations	Yes to foreign charities, however it is often the policy of the DAF's to limit grants to non tax-exempt organizations.	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, 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.
Anonymity of donor	Yes	No ²	No ²
Privacy	Complete privacy is available. DAF account information is aggregated with other DAF information to maintain privacy, and no tax return is filed.	Must file Form 990 which becomes a matter of public record and contains detailed information on grants, investment fees, salaries, etc. ²	Must file Form 990 which becomes a matter of public record and contains detailed information on grants, investment fees, salaries, etc. ²
Succession and Perpetuity	Can exist in perpetuity	Can exist in perpetuity	Can exist in perpetuity

¹ 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.

² Combining this tool with a donor advised fund can achieve partial privacy and anonymity.