

Comparison of Charitable Structures

Attributes	Outright Gift to Charity	Private/Family/Corporate Foundation	Donor Advised Fund	Supporting Organization
Set-Up				
Timing	N/A	Requires a month or more to establish the foundation	Can be established in a matter of days with a single signed fund agreement	Requires a month or more to establish the not-for-profit supporting organization
Minimum to Establish	N/A	Typically \$1,000,000 or more to justify set-up and administration expenses	\$10,000	
Incorporation	N/A	Must apply for incorporation and tax exemption; tax exempt status often takes up to 18 months for approval	No incorporation required; tax exemption falls under Community Foundation's umbrella	Must apply for incorporation and tax exemption; tax exempt status often takes up to 18 months for approval
Start-up Costs	N/A	Substantial legal and accounting start-up costs	No start-up costs	Substantial legal and accounting start-up costs
Tax Returns	N/A	Annual Form 990 must be filed with IRS	Community Foundation handles all filings	Community Foundation handles all filings
Amount Deductible				
Cash and publicly-traded securities	Fair market value	Fair market value	Fair market value	Fair market value
Other appreciated assets	Fair market value	Limited to donor cost basis	Fair market value	Fair market value
Percentage Limitations				
Cash Gifts	50% of adjusted gross income	30% of adjusted gross income	50% of adjusted gross income	50% of adjusted gross income
Appreciated Property	30% of adjusted gross income	20% of adjusted gross income	30% of adjusted gross income	30% of adjusted gross income
Management				
Control of grants and assets	None after gift is completed	Foundation has complete legal control of all grant making and investment decisions, subject to self-dealing rules	Advisory privileges--donor may recommend grants and investments but the Community Foundation makes all final decisions	SO board may recommend grants and investments but the Community Foundation has input in all final decisions
Annual costs	N/A	Substantial	Less than 2.5% annually	Varies depending upon services desired by SO board
Investment Growth	None	Appreciation is tax-free	Appreciation is tax-free	Appreciation is tax-free
Annual distribution requirements	N/A	5% of assets	None	None
Governance and succession	N/A	Opportunities for board selection, training and bringing in the next generation are greater; no restrictions regarding who serves on the board	Donors may name advisors to recommend grants and investments; donors may also name successors to the account, and ensure a continuing legacy	Opportunities for board selection, training and bringing in the next generation; majority of board must at all times be independent, non-family trustees typically appointed by the Community Foundation
Ongoing administration: Audit/tax returns, D&O insurance, gift acceptance, grant and investment management, compliance, etc.	N/A	Responsible for all administrative functions	Community Foundation handles all administration responsibilities	Varies with choice of SO board and level of service required, Community Foundation can handle all administration responsibilities
Other Considerations				
Self dealing rules	N/A	Strict Regulation	Foundation oversight	Foundation oversight
Excise tax on investment income	N/A	2%	None	None
Excess Business Holdings Limitations	N/A	Yes	Yes	Yes
Anonymity	Yes	<i>No; requires public disclosure: must file detailed and public tax returns on grants, investments, trustee fees, salaries, etc.</i>	<i>Yes; donors and grants can be private, and the Community Foundation can serve as a buffer between donor and grant-seekers</i>	<i>No; requires public disclosure: must file detailed and public tax returns on grants, investments, trustee fees, salaries, etc.</i>
Perpetuity	No	Yes	Yes	Yes
Primary Advantages				
	Control where gifts are made and how they are recognized	Control, independence, and family/corporate identity	Low cost, deductibility, not-for-profit knowledge, grant making assistance, anonymity, flexibility, permanence, professional administration, simplicity, and not subject to probate court	Low cost, deductibility, separate board, family/corporate identity, permanence, professional administration, and not subject to probate court
Primary Disadvantages				
	Timing-gifts must be made in the same year as income to maximize tax benefits	Expenses for administration, annual payout requirements, limitation of allowable grantees, migration of heirs and successors, subject to probate court to settle disputes	Grants are advisory vs. ownership control	Control is shared with the Community Foundation