



Comparison of Donor Advised Funds and Private Foundations

	RAF Donor Advised Fund	Private Foundation
Time Necessary to Create the Foundation	None	Nonprofit corporation or trust organized as a private foundation, months needed for IRS determination
Costs to Organize	No cost to the Donor	Similar to corporate start-up requiring substantial legal, accounting and operational costs
Tax-exempt Status	Shares the public charity tax-exempt status of the community foundation	Must apply for private foundation tax-exempt status from IRS
Tax Returns	No separate tax forms required; included in RAF's annual reporting	Must be filed by the private foundation with required supporting schedules
Fiduciary Responsibility	RAF fulfills the associated fiduciary responsibilities	Private foundation Board has full fiduciary responsibility
Donor Involvement	Donor recommends grants; IRS requires that the final approval rests with the RAF Board of Trustees	Donor retains control over investment and grantmaking; is responsible for all bookkeeping, investments, board appointments, meetings, and records
Minimum Payout Requirement	None	Annually must distribute for charitable purposes at least 5% of its asset value regardless of its income
Grantmaking Support	All administration including staffing, facility and financial and grant management.	Donors must arrange and support their own grantmaking, monitoring of grants and evaluation of outcomes.
Tax Deductibility of Cash Gifts	50% of adjusted gross income in any one year	Limited to 30% of adjusted gross income in any one year
Tax Deductibility of Appreciated Property	<ul style="list-style-type: none"> • Tax deduction available up to 30% of adjusted gross income in any one year • Deduction available for full fair market value 	<ul style="list-style-type: none"> • Tax deduction available up to 20% of adjusted gross income in any one year • Deduction available for full fair market value only if publicly traded stock • Other appreciated assets receive deductions limited to cost basis
Annual Taxes	None	Subject to excise tax of up to 2% of net investment gain including net capital gains
Investments	Fund assets are professionally invested through RAF	Must manage its own investments
Self-dealing Rules	Federal law prohibits any grant, loan, compensation or other similar payment to donors, advisors, members of their family and related entities	Strict regulations prohibit most transactions between a private foundation and its donors (including related persons or corporations)
Anonymity	As public or as anonymous as the Donor desires	Contributions, grants and board members are listed on annual tax documents, which are available for public review