

# Comparing Approaches to Giving

Donor Advised Funds, Commercial Gift Funds, and Private Foundations

## Set Up & Ongoing Administration

	Donor Advised Fund at the CFSC	Private Foundation	Commercial Gift Fund at a Financial Institution
<b>Minimum Contribution</b>	\$5,000 (must reach \$25,000 in 5 years)	\$1-2 million recommended	Varies
<b>Set Up Costs</b>	None	All legal, accounting & filing fees. Can exceed \$5,000.	None
<b>Start Up Period</b>	Can be established immediately	Generally takes 1-2 months	Can be established immediately
<b>Admin and annual costs</b>	2% annual fee covers all donor services, staffing, professional investment management. Reduced fee structure for funds over \$500,000.	Ongoing expenses include all legal, accounting, payroll, and audit costs. Typically ranges from 1%-8% depending on if foundation employs staff.	Fees vary, but typically range from 0.3% to 2%.

## Tax Considerations

	Donor Advised Fund at the CFSC	Private Foundation	Commercial Gift Fund at a Financial Institution
<b>Tax Deductions for contributions:</b>			
<ul style="list-style-type: none"> <li>• <b>Cash</b></li> </ul>	60% of AGI	30% of AGI	60% of AGI
<ul style="list-style-type: none"> <li>• <b>Publicly Traded Securities</b></li> </ul>	30% of AGI using Fair Market Value of asset	20% of AGI using Fair Market Value of asset	30% of AGI using Fair Market Value of asset
<ul style="list-style-type: none"> <li>• <b>Real Estate and other appreciated assets</b></li> </ul>	30% of AGI using Fair Market Value of asset	20% of AGI using Cost Basis Value of asset	30% of AGI using Fair Market Value of asset
<b>Tax Status &amp; Filings</b>	Qualifies for 501 (c)(3) public charity status as a component part of the CFSC. CFSC files all necessary tax returns and conducts audit.	Must file for private foundation tax-exempt status annually. Not as favorable as public charity status. Tax return filing and audits responsibility of trustees and staff.	Covered under nonprofit status of charitable subsidiary.
<b>Excise Tax</b>	None	1%-2% of net investment income annually	None

CFSC=Community Foundation of Snohomish County, AGI=Adjusted Gross Income

## Grantmaking Support & Requirements

	<b>Donor Advised Fund at the CFSC</b>	<b>Private Foundation</b>	<b>Commercial Gift Fund at a Financial Institution</b>
<b>Payout Requirements</b>	None	Required to grant out 5% of total assets annually. 15% penalty on undistributed income.	Varies. Many require annual minimum payout of certain percent of assets.
<b>Grantmaking Support</b>	CFSC staff provides local expertise and conducts required IRS due diligence review of all grantees recommended by Donors. Research on specific nonprofits provided upon request.	Donor must establish and oversee all evaluation, monitoring & reporting of grant recipients. Grant decisions subject to screening and approval by Board of Trustees.	Limited support for Donors. Corporate headquarters are not community based, which limits expertise of local needs. Offer minimum due diligence on grant recipients.

## Donor Involvement & Privacy

	<b>Donor Advised Fund at the CFSC</b>	<b>Private Foundation</b>	<b>Commercial Gift Fund at a Financial Institution</b>
<b>Donor Involvement</b>	Donor recommends grants to qualified nonprofits. Grants are approved by CFSC Board of Directors comprised of community leaders.	Donor appoints Board, which controls all grantmaking and investments.	Donor recommends grants to qualified nonprofits. Grants are approved by trustees of the commercial gift fund.
<b>Privacy &amp; Confidentiality</b>	Donor's fund may be named or anonymous. All contribution information can be kept confidential.	Required to file public tax returns on grants, investment fees, trustee fees, staff salaries, etc. These become public records and are compiled into grantseeker directories.	Must file detailed and public tax returns on grants, investment fees, trustee fees, staff salaries, etc.

## Investment Management

	<b>Donor Advised Fund at the CFSC</b>	<b>Private Foundation</b>	<b>Commercial Gift Fund at a Financial Institution</b>
<b>Investments</b>	Fund assets professionally invested through CFSC. Donor does not have control over investments.	Must secure and oversee own investments.	Fund offers approved investment choices.

If you would like to find out more information, please contact Elena Pullen-Venema, Community Foundation Director of Gift Planning at [elena@cf-sc.org](mailto:elena@cf-sc.org) or (425) 212-4056.