



Your Giving Options:

Comparing Donor-Advised Funds
with Private Foundations

	Donor-Advised Funds	Private Foundations
Start-Up Time:	Immediate; requires a short fund agreement, and approval of OBCF board	Usually several weeks or months; requires IRS approval, creation of a board, and other legal actions
Start-Up Fees:	None	Legal (and other) fees are typically substantial
Minimum Start-Up Donation:	\$1000; fund must reach \$5000 within three years	A minimum of \$250,000 is recommended for a cost-effective private foundation
Tax Deductibility for Gifts of Cash:	Up to 60% of adjusted gross income	Up to 30% of adjusted gross income
Tax Deductibility for Gifts of Stock or Real Property:	Up to 30% of adjusted gross income	Up to 20% of adjusted gross income
Valuation of Gifts: (for tax deduction purposes)	Fair market value for all gifts	Fair market value for publicly-traded stock; cost basis for all other gifts, including gifts of closely-held stock or real property
Ongoing Administrative and Management Fees:	1% annual fee, plus investment management fees (less than 1% annually)	Usually 2.5% to 4% annually
Administrative Responsibilities:	None	Asset management, state and federal tax returns, record-keeping, grant administration, board meeting minutes, etc.
Annual Excise Taxes:	None	1% to 2% of net investment income annually

--- continued on reverse ---

	Donor-Advised Funds	Private Foundations
Confidentiality:	Names of individual donors can be kept confidential, if desired, and grants can be made anonymously	Must file detailed, public tax returns, including names of donors and grantees, which are freely discoverable online
Required Grant Distribution:	None; donors can choose to let their funds grow	Must expend 5% of net asset value annually, regardless of how much the assets earn
Grant Decisions:	Donors recommend grants for OBCF approval; recommendations are typically followed, but approval is required	Grant decisions are fully controlled by the foundation board
Grant-Making Support:	OBCF staff is available to help identify and assess grantees, provide input on community needs, and verify nonprofit status of groups	Donors must arrange and support their own grant-making
International Grants:	Difficult	Less difficult
Scholarship Options:	Donors can establish separate scholarship funds	Foundation may establish a scholarship program
Investment Control:	Funds are usually invested in a pooled account for cost effectiveness, and investment decisions are usually made by OBCF; for larger funds, donors may choose to retain some investment control	The foundation board selects how and where the endowment is invested
Perpetuity within the Family:	OBCF allows donors to name one succeeding generation of advisors; thereafter, OBCF will make grant decisions, based on the fund's history	Control can remain within the family for unlimited generations, at the discretion of the foundation board
Compensation of Family Members:	None	A private foundation may compensate family members for foundation activities

For more information, please contact the Outer Banks Community Foundation, at 252-261-8839 or at info@obcf.org.