



St. Croix Valley Community Foundation

Comparison	Donor Advised Fund	Private Foundation
➤ TAX EXEMPT STATUS	Receives public charity status	Must establish separate tax exempt status as private foundation.
➤ CHARITABLE DEDUCTIONS FOR CASH GIFTS	50% of adjusted gross income in any one year	30% of adjusted gross income in any one year.
➤ CHARITABLE DEDUCTIONS FOR GIFTS OF APPRECIATED PROPERTY	Deduction for full fair market value, limited to 30% of adjusted gross income in any one year.	Deduction for full fair market value, limited to 20% of adjusted gross income in any one year.
➤ DONOR CONTROL	Donor may make recommendations about grants but community foundation makes final decisions.	Donor retains complete control over investments and grantmaking, limited only by IRS requirements.
➤ PAYOUT REQUIREMENTS	None, except by community foundation's policy.	Must pay out at least 5% of asset value for charitable purposes regardless of annual income.
➤ CREATING THE FUND OR FOUNDATION	Established by agreement with community foundation.	Nonprofit corporation or trust organized as a private foundation.
➤ START-UP COSTS	No cost to donor.	Requires substantial legal, accounting, and operational costs similar to corporate start-up.
➤ MINIMUM SIZE	Depends on community foundation's policy, often \$10,000 to \$25,000.	Substantial assets necessary, at least \$1 million.
➤ ADMINISTRATION & OPERATIONS	Provided by community foundation.	Establish & manage on its own or buy the necessary services
➤ ANNUAL ADMINISTRATIVE & ACCOUNTING COSTS	Minimal because of economies realized as a result of shared services.	Can be costly.
➤ ANNUAL TAXES	None	Generally income tax exempt, but subject to excise tax of up to 2% of net investment income including capital gains.
➤ ANNUAL TAX FILINGS & RETURNS	None required. Reported as part of the community foundation's annual reporting.	Separate tax and information return must be filed with required schedules.
➤ INVESTMENTS	Provided by the community foundation.	Must research and manage own investment vehicles.
➤ FIDUCIARY RESPONSIBILITY	Community foundation fulfills fiduciary responsibilities.	Private foundation board has total fiduciary responsibility.
➤ LIABILITY & RISK INSURANCE	Community foundation assumes all liability and risk.	Private foundation is responsible.