Donor Advised Fund vs. Private Foundation

	Donor Advised Fund	Private Foundation
Startup Costs	None	Substantial
Ease of Creation	Execute a simple Fund Agreement	Involves creation of a new organization, application for tax-exempt status, and expenditure of time and money
Tax Benefits	Taxpayer can deduct up to 60% of adjusted gross income for cash gifts. Full fair-market value of gifts of appreciated property is deductible up to 30% of adjusted gross income	Cash gift deduction is limited to 30% of adjusted gross income. Only the cost basis of certain types of appreciated property is deductible, and deduction is limited to 20% of adjusted gross income
Excise Tax	None	Yes (Up to 2% on net investment income.)
Accounting, Investment, Audit and Tax Returns	Community Foundation handles all investments and accounting, files annual tax returns, and provides annual audit	Trustees must handle all investments and accounting as well as comply with detailed reporting requirements
Investments	No federal investment requirements and no equity concentration restrictions	Certain types of investments prohibited, and the foundation may not own more than 20% equity interest in a business
Grant Distribution Requirements	None (On donor's timetable)	A distribution of 5% of net asset value is required each year
Anonymity	Donors' names may remain anonymous to the public	Names and addresses of contributors must be made available to the public
Costs	Minimal	Substantial