

When contemplating the conversion of a private foundation into a donor advised fund, it is essential to consider what aspects you are able to keep, what additional benefits you will gain, and what administrative burdens and limitations you will be free from moving forward.

What You Keep	What You Gain	What You Lose
IDENTITY	FAVORED TAX STATUS	DISTRIBUTION REQUIREMENTS
CHARITABLE INTENT	PROFESSIONAL INVESTMENT MANAGEMENT	EXCISE TAX
GRANTMAKING	SELECTIVE ANONYMITY	TAX RETURNS AND AUDITS
FAMILY LEGACY	GRANTMAKING SUPPORT	ADMINISTRATIVE EXPENSES

WHAT YOU KEEP

IDENTITY

- A donor advised fund lets your family or the original founding donor retain their identity and stature in the community.

CHARITABLE INTENT

- The same mission and focus of a private foundation can be incorporated into the guidelines and objectives of your donor advised fund.

GRANTMAKING

- As fund advisor(s), you will continue to recommend grants to support the causes and organizations you care about. CFSA then takes responsibility for vetting potential grantees and ensure grants comply with all IRS guidelines and requirements.

FAMILY LEGACY

- A fund established at CFSA allows families to teach their children and subsequent generations the importance and wisdom of philanthropy that can positively impact our community. Fund advisors can also name successor fund advisors for the next generation.

WHAT YOU GAIN

FAVORED TAX STATUS

- As a public charity, the fund will retain favorable tax status compared to a private foundation. Cash gifts to the fund are deductible up to 60% of adjusted gross income vs. 30% for a private foundation. Gifts of appreciated property are deductible up to 30% of adjusted gross income vs. 20% for a private foundation.

PROFESSIONAL INVESTMENT MANAGEMENT

- Fundholders gain professional investment management of their assets. CFSA's investment consultants support asset allocation and manager selection. Oversight is provided by the CFSA's Investment Committee, comprised of experienced investors and investment professionals. Additionally, due to CFSA's economy of scale, investment fees are lower than similarly structured private portfolios.

SELECTIVE ANONYMITY

- While most individuals and families are comfortable with recognition for their generosity, some may desire anonymity. Fund advisors can either choose to be recognized or make grants anonymously.

GRANTMAKING SUPPORT

- CFSA's professional grantmaking staff has deep knowledge of the high-impact organizations that comprise our region's vibrant nonprofit community. Our staff is here to support you and your family with research and guidance whenever it is desired.

ADDITIONAL BENEFITS

NO PERCENTAGE DISTRIBUTION REQUIREMENTS

- IRS regulations require private foundations to distribute at least 5% of the foundation's assets each year. While we do expect that grants will be made annually from your fund, there is no annual percentage requirement for donor advised funds.

NO EXCISE TAX ON INVESTMENT INCOME

- Private foundations are required to pay a 1-2% excise tax on investment income. Donor advised funds are not subject to this tax.

NO TAX RETURNS AND AUDITS

- Private foundations are required to file annual Form 990-PF tax returns and, depending upon the size of the private foundation, may need annual audits and incur legal expenses. These administrative costs and functions are not required of funds held at CFSA.

REDUCED ADMINISTRATIVE EXPENSES

- Legal, accounting, and operational expenses can be substantial for Private Foundations. The administrative fee for our donor advised funds is just 1.25% for funds up to \$1 million and then steps down as the dollar value of the Fund increases.

For more information, please contact:

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FEATURE	DONOR ADVISED FUND	PRIVATE FOUNDATION
ESTABLISHMENT PROCESS	Component part of the Community Foundation established by the fund agreement	Separate nonprofit corporation or trust organized as a private foundation
TAX EXEMPT STATUS	Shares the Community Foundation's tax exempt status	Apply to IRS for tax exempt status
START-UP COSTS	No cost to donor	Costs of creating a new corporation can be substantial: legal, accounting, and operational start-up
PRIVACY	Grants can be anonymous	All grants are public
CHARITABLE DEDUCTIONS FOR CASH GIFTS	Tax deduction of up to 60% of adjusted gross income	Tax deduction of up to 30% of adjusted gross income
CHARITABLE DEDUCTIONS FOR LONG-TERM APPRECIATED PROPERTY	Tax deduction available for full FMV of marketable securities and other property for those who itemize Tax deduction of up to 30% of adjusted gross income	Tax deduction for FMV of marketable securities only: limited to the lower of cost or FMV for other property Tax deduction of up to 20% of adjusted gross income
DONOR INVOLVEMENT	Donor recommends grants subject to the Community Foundation's approval	Donor retains complete control over investments and grantmaking, subject to self-dealing and excess benefit requirements
PAYOUT REQUIREMENTS	Do not apply	Must pay out minimum 5% annually
ADMINISTRATIVE TASKS	Services provided by the Community Foundation	Services arranged by donor
ANNUAL COSTS	1.25% for funds up to \$1 million, declining as asset size increases	Separate costs for staff support, office space, accounting, grant processing, tax filing, etc.
ANNUAL TAXES	None	Excise tax up to 2% of net investment gain, including net capital gains and income
ANNUAL TAX FILINGS	Not required (reported as part of the Community Foundation's annual reporting)	Must be filed by the private foundation with required reporting schedules
INVESTMENTS	The Community Foundation professionally invests assets with the oversight of the investment committee	Must research, hire, monitor and evaluate its own investment managers
FIDUCIARY RESPONSIBILITY	The Community Foundation assumes all fiduciary responsibilities	Private foundation board has fiduciary responsibility