# Comparison of DONOR-ADVISED FUNDS and PRIVATE FOUNDATIONS

<table>
<thead>
<tr>
<th>POINTS TO CONSIDER</th>
<th>DONOR-ADVISED FUND at CFT</th>
<th>PRIVATE FOUNDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEGAL IDENTITY</strong></td>
<td>Component fund at Communities Foundation of Texas</td>
<td>Separate nonprofit entity</td>
</tr>
<tr>
<td><strong>TAX STATUS</strong></td>
<td>Public charity</td>
<td>Private charity</td>
</tr>
<tr>
<td><strong>DONOR INVOLVEMENT</strong></td>
<td>Donor recommends investment allocation and grants to nonprofits, which are approved by CFT</td>
<td>Donor appoints board which controls investments and grantmaking; subject to IRS requirements</td>
</tr>
<tr>
<td><strong>PRIVACY</strong></td>
<td>Donor may be anonymous</td>
<td>Asset and grant information is public</td>
</tr>
<tr>
<td><strong>MINIMUM CONTRIBUTION</strong></td>
<td>$10,000</td>
<td>Typically, several million dollars</td>
</tr>
<tr>
<td><strong>ANNUAL CHARITABLE PAYOUT</strong></td>
<td>Not applicable; no artificial timeline</td>
<td>At least 5% of assets</td>
</tr>
<tr>
<td><strong>IRS REPORTING</strong></td>
<td>CFT handles collectively</td>
<td>Annual IRS Form 990 filed with required reporting schedules</td>
</tr>
<tr>
<td><strong>LIABILITY and RISK INSURANCE</strong></td>
<td>Provided by CFT</td>
<td>Purchased by the foundation</td>
</tr>
<tr>
<td><strong>FIDUCIARY RESPONSIBILITY</strong></td>
<td>CFT fulfills</td>
<td>Board fulfills</td>
</tr>
</tbody>
</table>

## TAX DEDUCTIONS

- **INCOME TAX DEDUCTIONS for CASH GIFTS**
  - Up to 60% of adjusted gross income
  - Up to 30% of adjusted gross income

- **INCOME TAX DEDUCTIONS for APPRECIATED STOCK GIFTS**
  - Fair market value up to 30% of adjusted gross income
  - Fair market value up to 20% of adjusted gross income

- **INCOME TAX DEDUCTIONS for REAL ESTATE and CLOSELY HELD STOCK GIFTS**
  - Fair market value up to 30% of adjusted gross income
  - Cost basis up to 20% of adjusted gross income

## ADMINISTRATION AND GRANTMAKING

- **GRANTMAKING**
  - CFT assists donor in identification and vetting of nonprofits
  - Establishes and supports a grantmaking and monitoring structure

- **ADMINISTRATION**
  - Services provided by CFT
  - Accounting, investments and IRS filings handled by foundation

## TAX DEDUCTIONS

- **START-UP COST**
  - None
  - Varies with size and complexity

- **SERVICE and INVESTMENT FEES**
  - Moderate
  - Varies with size and complexity

- **EXCISE TAXES**
  - None
  - Subject to an excise tax of up to 2% net investment gain, including net capital gain and income