

NORTH CAROLINA
COMMUNITY FOUNDATION



COMPARISON OF DONOR-ADVISED FUNDS, COMMERCIAL FUNDS AND
PRIVATE FOUNDATIONS

*Consider the advantages of working through the North Carolina Community Foundation
to accomplish your charitable goals*

Establishment and Operation

	Donor-Advised Fund at the NCCF	Commercial Institution Gift Funds	Private Foundation
Recommended size	\$10,000 minimum	Varies	\$10 million recommended minimum to justify operating costs
Start-up and initial costs	None	None	All legal, accounting and filing fees
Ongoing administration and annual costs	1.5% annual fee (may be negotiated favorably for funds above \$1 million)	Fees vary	All costs (legal, accounting, payroll, audit) are incurred by private foundation

Tax Considerations

	Donor-Advised Fund at the NCCF	Commercial Institution Gift Funds	Private Foundation
Tax status and filings	Qualifies under NCCF's public charity status; no filing necessary	Covered under nonprofit status of charitable subsid- iary	Must file for private founda- tion tax-exempt status
Tax-deductibility of gifts			
Cash	Deduction up to 50% of adjusted gross income	Deduction up to 50% of adjusted gross income	Deduction limited to 30% of adjusted gross income
Appreciated stock (<i>held more than one year</i>)	Fair market value up to 30% of adjusted gross income	Fair market value up to 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
Real estate and closely held stock (<i>held more than one year</i>)	Fair market value up to 30% of adjusted gross income	Fair market value up to 30% of adjusted gross income	Cost basis up to 20% of adjusted gross income

Grantmaking Support and Requirements

	Donor-Advised Fund at the NCCF	Commercial Institution Gift Funds	Private Foundation
Grantmaking support	NCCF provides due diligence review of grantees recommended by donor Research on specific nonprofits provided upon request	Most have no professional experience and offer minimum due diligence on grant recipients	Donor must establish and oversee all evaluation, monitoring and reporting procedures Subject to screening, evaluation and approval by board of trustees
Payout requirements	None; grant recommendations of 5% encouraged but no government-required payout	Varies; many require annual minimum payout of 5%	Annual minimum payout of 5% of assets required

Investment Management

	Donor-Advised Fund at the NCCF	Commercial Institution Gift Funds	Private Foundation
Investments	Fund assets professionally invested through NCCF Donor may choose from selection of NCCF asset managers No donor control of investments Investment fees netted from yield (average .65%)	Fund offers approved investment choices Fees vary and range from .3 to 2.0%	Must secure and oversee own investments Investment management fees the responsibility of the private foundation

Donor Involvement and Privacy

	Donor-Advised Fund at the NCCF	Commercial Institution Gift Funds	Private Foundation
Donor involvement	Donor recommends grants to qualified nonprofits Grants are approved by NCCF	Donor recommends grants to qualified nonprofits Grants are approved by trustees of the gift fund	Donor appoints initial board of a nonprofit corporation Board controls investment and grantmaking If organized as a trust, donor designates trustee to control these functions
Privacy and confidentiality	Fund may be named or anonymous Contribution information may be kept confidential		Detailed public disclosure annually from posting of IRS 990PF on internet