

# Philanthropic Giving Vehicles Comparison Chart



3000 Pegasus Park Dr. #930 | Dallas, TX 75247 | 214.741.9898 | dallasfoundation.org

Many people are uniquely positioned to benefit the charitable causes and institutions most important to them and believe that private family foundations are the best answer to meeting their charitable, financial and estate planning needs. There are, however, other alternatives. You have the ability to structure your giving in three ways: either a donor-advised fund (DAF), a supporting organization (SO), or a private foundation (PF).

**A DONOR-ADVISED FUND (DAF)** at The Dallas Foundation (**TDF**) allows donors to recommend which charitable causes they would like to support. Contributions to DAFs qualify for full tax deductibility. A donor may contribute to the fund at any time and turn to the Foundation for grantmaking assistance as desired.

**SUPPORTING ORGANIZATION (SO)** status gives the donor many of the advantages of private foundation status with few of its disadvantages. Gifts to a SO of TDF are fully deductible at the current fair market value, including publicly traded or closely held stock, if held for more than 12 months.

**PRIVATE FOUNDATIONS (PF)** allow extensive donor control over distributions and board selection. But they are highly controlled by the government with many special restrictions, including administrative and reporting burdens, excise taxes, and a required minimum payout.

The chart below may help you structure a vehicle to best meet your needs.

COMPARISONS	DONOR ADVISED FUND	SUPPORTING ORGANIZATION	PRIVATE FOUNDATION
Tax exempt status	Shares public charity status of TDF	Must apply to IRS for status as an SO, which is a public charity	Must apply to IRS for status as a PF
Start up costs	No cost to donor	Costs include some legal and accounting fees	Similar to a corporate start-up, requiring legal, accounting, and other costs
Recommended size	\$10,000 or more	\$5 million or more	Significant assets needed to justify start-up and operating costs
Charitable deductions (cash gifts)	Tax deduction up to 60% of AGI; Maximum deduction allowed by law	Tax deduction up to 60% of AGI; Maximum deduction allowed by law	Tax deduction limited to 30% of AGI
Charitable deductions (appreciated property)	Tax deduction available up to 30% of AGI; if held for more than 12 months; Tax deduction available at full fair market value	Tax deduction available up to 30% of AGI, if held for more than 12 months; Tax deduction available at full fair market value	Tax deduction limited to 20% of AGI; Even if held for more than 12 months, tax deduction limited to basis except for publicly traded stock
Donor control	Donor makes grant recommendations, TDF board ratifies	Donor holds significant organizational influence; may appoint minority of the board of directors and have input into appointment of majority	Donor retains complete control over investments and grant making, subject to IRS requirements
Self-dealing rules	Do not apply	Do not apply	Strict regulations prohibit most transactions between a private foundation and its donors (including related persons or corporations)
Payout requirements	Do not apply	Do not apply	Must pay out for charitable purposes at least 5% of its investment asset value regardless of annual income
Administration	Affiliation with TDF provides access to existing services	Affiliation with TDF provides access to existing services	Must establish or obtain these services
Fund Name	Donor has naming rights	Donor has naming rights	Donor has naming rights
Grantmaking Services	Extensive services and expertise available	Extensive services and expertise available	Must hire staff or contract labor

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Family Philanthropy Institute	Expertise in advising families on generational philanthropy	Expertise in advising families on generational philanthropy	N/A
Annual costs	See TDF Fee Schedule	Negotiated with TDF	Administration can be costly
Annual taxes	None	None	Generally income is tax exempt but subject to excise tax of 1.39% of net investment income including net capital gains
Annual tax filings and returns	Reported as part of TDF's annual reporting; all donor lists are confidential and sources of individual grants are not listed	Prepared and filed by TDF; donor lists are confidential	Must be filed by the PF with required supporting schedules; donor lists and all grants are public information
Investments	Recommendation of outside investments by donor	Recommendation of outside investments by SO board	Must research and secure its own investment services
Fiduciary responsibility	TDF fulfills the associated fiduciary responsibilities	Administrative guidance provided by TDF	Private foundation board has full fiduciary responsibility
Liability and risk insurance	Provided by TDF	Access to TDF insurance, including D&O	Must be purchased by private foundation