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.

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

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