

Donor Advised Fund vs. Private Foundation

Fund Type	Jackson Community Foundation Donor Advised Fund	Private Foundation:
Start Up	Establishing your own fund is easy and inexpensive to set up. A Donor Advised Fund (DAF) can be set up with as little as \$10,000.	A Private Foundation can be both time-consuming and costly to establish. Several thousand dollars is needed for legal and accounting expenses and thousands to millions of dollars for operations.
Tax Filings & Liability	All funds are component funds of the Foundation and are included in our annual filing of Form 990 to the IRS. JCF is also a tax exempt public charity.	A private foundation must prepare its own Form 990 and is subject to an annual excise tax of up to 2% on net investment including capital gains.
Tax Deductions	Tax deduction of up to 50% on cash, up to 30% on appreciated stock, up to 30% on real estate and closely held stock.	Tax deduction of up to 30% on cash, up to 20% on appreciated stock, up to 20% on real estate and closely held stock.
Administrative Service Fee	Administrative costs are shared by all funds. The Administrative Fee is 1.6% while the investment fee is .5%. JCF is tax exempt. Donor Advised Funds are the most flexible fund at JCF.	You negotiate with your Investment Advisor. A private foundation does not qualify for public charity status and is non-exempt. Complete donor control over the fund's use is permitted.
Administrative requirements	The Donor has no administrative requirements. JCF has a system in place for receiving gifts, evaluating grants to nonprofits, verifying grantees are tax exempt, knowledge of the community's needs, office space and equipment and qualified and professional staff.	Administration is time-consuming and costly. You must establish a mechanism for receiving gifts, evaluating grants to nonprofits, verifying grantees are tax exempt, knowledge of the community's needs, office space and equipment and qualified and professional staff.

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