

WHY CHOOSE DONOR ADVISED FUNDS

COMPARISONS	DONOR-ADVISED FUND AT WACO FOUNDATION	PRIVATE FOUNDATION
TIME FRAME	Immediate	Several months
TAX STATUS	Covered: WF's public charity status	Must apply for private foundation tax-exempt status from the IRS
START-UP COSTS	None	Legal & accounting expenses; filing fees
MINIMUM CONTRIBUTION	None	Not cost-effective unless \$8M or more
TAX DEDUCTIONS FOR GIFTS OF:		
<ul style="list-style-type: none"> • CASH • PUBLICLY-TRADED SECURITIES • REAL ESTATE & CLOSELY-HELD SECURITIES 	<ul style="list-style-type: none"> • Up to 50% of AGI • Fair market value up to 30% of AGI • Fair market value up to 30% of AGI 	<ul style="list-style-type: none"> • Up to 30% of AGI • Fair market value up to 20% of AGI • Deductible at cost basis
DONOR CONTROL	Donor makes advisory grant recommendations; final decisions rest with Board of Trustees	Donor retains control over investments & grantmaking, subject to IRS requirements
SELF-DEALING RULES	Private foundation self-dealing rules do not apply	Strict regulations prohibit most transactions between private foundations & donors, including related persons or organizations
PAYOUT REQUIREMENTS	Do not apply	Must pay out for charitable purposes at least 5% of its asset value annually, regardless of its income
ANNUAL COSTS	0.75% annually	Grantmaking, administrative & investment
ANNUAL TAXES	None	Excise tax of 2% of net investment income, including net capital gains
REPORTING REQUIREMENTS	None (<i>reported as part of WF's annual reporting</i>)	Annual tax return, including detailed financial schedules
LIABILITY & RISK INSURANCE	Provided by WF	Must be assumed by private foundation
FIDUCIARY RESPONSIBILITY	WF fulfills the associated fiduciary responsibilities	The private foundation board has fiduciary responsibility
INVESTMENTS	Large-endowment inv. options available to small-balance funds: assets professionally invested through Colonial Consulting, LLC	Must research, secure & carefully monitor its own investment vehicles