

Comparison of Donor Advised Fund & Private Foundation

| | MCF Advised Endowment Fund | Private Foundation | | | | | | | | | | | | |
|--|--|---|------|------------------|------|-----------------|------|------------------|------|-----------------|------|----------------|------|--|
| Minimum Initial Contribution | \$15,000 | Generally at least \$5 million* to be cost effective. | | | | | | | | | | | | |
| Donor Involvement | Donor advises MCF Board of Governors about distributions annually. | Donor and family may have controlling voting interest on private foundation board. | | | | | | | | | | | | |
| Tax Deductibility of Contributions: | <p>Cash: 60% of adjusted gross income.</p> <p>Publicly traded stock: Fair market value, up to 30% of AGI.</p> <p>Real estate and closely held stock: Fair market value, up to 30% of AGI.</p> | <p>Cash: 30% of AGI.</p> <p>Publicly traded stock: Fair market value, up to 20% of AGI.</p> <p>Real estate and closely held stock: Cost basis, up to 20% of AGI.</p> | | | | | | | | | | | | |
| Excise Taxes | None. | Yes, on investment income. | | | | | | | | | | | | |
| Continuity | May appoint second generations advisor(s). | Must establish succession plan. | | | | | | | | | | | | |
| Grantmaking Support | MCF staff can help identify and assess grantees, provide input on community opportunities and verify organizations' charitable status. | Donors must arrange and support their own grantmaking, monitoring of grants and evaluation of outcomes. | | | | | | | | | | | | |
| Cost to Establish | None. | Several thousand dollars for legal and accounting expenses and filing fees. | | | | | | | | | | | | |
| Administrative Expenses | <table border="0"> <tr> <td>First \$500,000</td> <td>1.0%</td> </tr> <tr> <td>Second \$500,000</td> <td>0.8%</td> </tr> <tr> <td>Third \$500,000</td> <td>0.6%</td> </tr> <tr> <td>Fourth \$500,000</td> <td>0.4%</td> </tr> <tr> <td>Fifth \$500,000</td> <td>0.2%</td> </tr> <tr> <td>\$2.5 million+</td> <td>0.1%</td> </tr> </table> <p><i>Covers the costs of operating the fund and helps support MCF's work in the community.</i></p> <p><i>(MCF reports all investment returns net of investment management fees.)</i></p> | First \$500,000 | 1.0% | Second \$500,000 | 0.8% | Third \$500,000 | 0.6% | Fourth \$500,000 | 0.4% | Fifth \$500,000 | 0.2% | \$2.5 million+ | 0.1% | Accounting, tax return preparation and ongoing legal expenses in addition to investment management fees. |
| First \$500,000 | 1.0% | | | | | | | | | | | | | |
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| Third \$500,000 | 0.6% | | | | | | | | | | | | | |
| Fourth \$500,000 | 0.4% | | | | | | | | | | | | | |
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| \$2.5 million+ | 0.1% | | | | | | | | | | | | | |
| Reporting | No separate tax returns to file. | Must file an annual 990 PF. | | | | | | | | | | | | |
| Anonymity | Complete, if desired. | Contributions and donor names are on 990 PF, list of grants required, all available online. | | | | | | | | | | | | |
| Distribution Requirements | Minimum payouts subject to DAF fund activity policy; maximum subject to MCF spending policy. | Subject to a 5% minimum payout requirement; no maximum distributions. | | | | | | | | | | | | |