

## Comparing Fund Options



ARIZONA  
COMMUNITY  
FOUNDATION  
AND AFFILIATES

**Making an  
Informed Choice**  
Which type of fund  
is right for you?



Aspect	Donor Advised Fund	Supporting Organization	Private Foundation
<b>Creating the Foundation</b>	A component part of ACF established by simple fund agreement	Separate nonprofit corporation or trust created with organizational ties to ACF so as to qualify as a public charity	Separate Nonprofit corporation or trust organized as a private foundation
<b>Tax Exempt Status</b>	Shares ACF's public-charity tax-exempt status	Obtains separate public charity status from the IRS	Must apply for private foundation tax exempt status from the IRS
<b>Start-Up Costs</b>	No cost to donor	Minimal costs through collaboration with ACF	Typical costs of creating a new corporation: legal, accounting and operational start-up
<b>Recommended Size</b>	\$25,000 minimum	\$5 million or more	Substantial assets required to justify start-up and maintenance costs
<b>Charitable Deductions for Cash Gifts</b>	Tax deduction of up to 60% of adjusted gross income	Tax deduction of up to 60% of adjusted gross income	Tax deduction of up to 30% of adjusted gross income
<b>Charitable Deductions for Appreciated Property</b>	Tax deduction available for full, fair-market value of marketable securities and other property for those who itemize	Tax deduction available for full, fair-market value of marketable securities and other property for those who itemize	Tax deduction for full market value of marketable securities only; deduction for other property is limited to the lower of cost or fair market value
	Tax deduction of up to 30% of adjusted gross income	Tax deduction of up to 30% of adjusted gross income	Tax deduction of up to 20% of adjusted gross income

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Aspect	Donor Advised Fund	Supporting Organization	Private Foundation
<b>Donor Involvement</b>	Donor makes grant recommendations subject to ACF approval	Donor holds significant organizational influence and may appoint minority of the board	Donor retains complete control over investments and grant making, subject to intermediate sanctions requirements
<b>Self-Dealing/Excess Benefit Transaction Rules</b>	Private foundation self-dealing rules do not apply; limitations on payment of expenses	Private foundation self-dealing rules do not apply; special excess benefit transaction rules	Strict regulations govern transactions between a private foundation and its donors (including related persons or organizations)
<b>Payout Requirements</b>	Do not apply	Do not apply	Must pay out for charitable purposes at least 5% of foundation assets annually, regardless of foundation's income
<b>Administrative Tasks</b> (accounting, tax filing, gift and grant management, meeting set-up)	Services provided by ACF	All or some services provided by ACF, depending on donor wishes	* All services arranged by donor independently
<b>Annual Costs</b>	One percent (1%) of fair-market value of assets, declining as asset size increases	Generally, 1% of fair market value of assets, declining as asset size increases	* Separate costs for staff support, office space, accounting, grant processing, tax filing, etc.
<b>Annual Taxes</b>	None	None	Subject to an excise tax of up to 2% of net investment gain, including net capital gains and income
<b>Annual Tax Filings and Returns</b>	Not required (reported as part of ACF's annual reporting)	Prepared and filed by ACF: tax filings publicly available	Must be filed by the private foundation with required reporting schedules: tax filings publicly available
<b>Investments</b>	Fund assets professionally invested through ACF	May avail itself of ACF consolidated investment fund, or choose separate investment program	Must research, hire, monitor and evaluate its own investment managers
<b>Fiduciary Responsibility</b>	ACF has all fiduciary responsibilities	Supporting organization board has fiduciary responsibility	Private foundation board has fiduciary responsibility
<b>Directors &amp; Officers Insurance</b>	Does not apply	Provided by ACF up to \$10 million	Must be purchased separately by the private foundation

\* ACF can provide some back office services with an effort-based fee schedule