

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:	Cash: 60% of adjusted gross income. Publicly traded stock: Fair market value (if held for more than one year), up to 30% of AGI. Real estate and closely held stock: Fair market value, up to 30% of AGI.	Cash: 30% of AGI. Publicly traded stock: Fair market value (if held for more than one year), up to 20% of AGI. Real estate and closely held stock: Lower of FMV or cost basis, up to 20% of AGI.												
Excise Taxes	None.	Yes, on investment income.												
Continuity	May appoint second generation advisor(s).	Must establish succession plan.												
Grantmaking Support	MCF staff can help identify and assess grant-ees, provide input on community opportuni-ties 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><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>Covers the costs of operating the fund and helps support MCF’s work in the community.</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.
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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 require-ment; no maximum distributions.												

This summary has been provided for informational purposes only is not intended to be, and should not be relied on for, tax, legal or accounting advice.