

**COMPARISON OF
PRIVATE FOUNDATION TO NEBRASKA COMMUNITY FOUNDATION'S DONOR-ADVISED FUND**

<u>CONSIDERATIONS</u>	<u>PRIVATE FOUNDATION</u>	<u>DONOR-ADVISED FUND</u>
FORMATION REQUIREMENTS, COST and TIME	Incorporation legal work; application to IRS for tax-exempt status approval. \$2,500 to \$10,000/6mos. to 12mos.	Agreement provided by NCF. No IRS approval needed. \$100,000 minimum to open. \$500 Set-up/Immediate.
IRS REQUIREMENTS and PUBLIC INSPECTION	IRS Form 990-PF and audit. Open to public inspection.	NCF has an independent audit performed and files a tax return that includes all affiliated funds. Details regarding individual DAFs not open to public inspection.
ANNUAL COST	\$2,500 to \$3,000/year plus investment fee.	\$1,200/year affiliation fee plus support fee.
GOVERNING BOARD	Donor selects all board members.	Donor selects fund advisory committee members.
INVESTMENT OF ASSETS	Donor oversees the management and investment of contributed assets.	Assets are managed by nationally recognized investment managers, with oversight from NCF Board Investment Committee, which establishes NCF Investment Policy. Donor may suggest alternate investment manager for contributions greater than \$500,000 for endowments.
DISBURSEMENT OF FUNDS	Donor makes disbursements. May need to see professional advice to comply with IRS requirements for private foundations.	Donor recommends disbursements. NCF reviews for IRS compliance, provides guidance and technical support.
INCOME TAX DEDUCTION LIMITATIONS* (% of adjusted gross income)	30% for contributions of cash. 20% for gifts of appreciated assets.	60% for contributions of cash. 30% for gifts of appreciated assets.
DEDUCTION VALUE FOR DONATED PROPERTY (other than publicly traded stock)	Limited to donor's cost basis in contributed property.	Donor can deduct full fair market value of contributed property.
MINIMUM PAYOUT REQUIRED	5% minimum annual distribution of assets.	No minimum payout required.
TAX ON INVESTMENT INCOME	1% to 2% annually.	None.

*Excess contributions can be carried forward for five years.

This comparison is meant to offer basic summary information and is not a substitute for professional counsel.