

FIGURE 1: SUPPORTING ORGANIZATIONS, DONOR-ADVISED FUNDS, AND PRIVATE FOUNDATIONS

MANAGEMENT AND OTHER ISSUES	SUPPORTING ORGANIZATIONS	DONOR-ADVISED FUNDS	PRIVATE FOUNDATIONS
Control of grants and assets	Donor family may recommend grants and investments, but the parent organization has significant input in all final decisions	Donor may recommend grants and investments, but the parent organization makes all final decisions	Donor family has complete control of all grantmaking and investment decisions, subject to self-dealing rules
Required payout	None, but must demonstrate ongoing support for named public charities or causes	None	Must expend 5% of net asset value annually, regardless of how much the assets earn
Privacy	Must file detailed and public tax returns on grants, investment fees, trustee fees, staff salaries, etc.	Names of individual donors can be kept confidential if desired	Must file detailed and public tax returns on grants, investment fees, trustee fees, staff salaries, etc.
Governance and Succession	Opportunities for board selection, training, and bringing in the next generation. Majority of board must at all times be independent, non-family trustees typically appointed by named public charities.	Some parent organizations encourage the continuance of donor-advisors from one generation to the next; many do not. The IRS is still considering succession issues.	Opportunities for board selection, training, and bringing in the next generation are greater. No restrictions regarding who serves on board.
Perpetuity	Supporting organization can exist in perpetuity	Most donor-advised funds revert to the parent organization after the original donors or the succeeding generation passes away	Foundations can exist in perpetuity
Start-up Costs	Legal fees and other start-up costs can be substantial	Minimal and often covered by parent organization	Legal fees and other start-up costs can be substantial
Ongoing Administrative and Management Costs	Varies with choice of SO board, and level of services required (typical range: 1/2 % to 2 % of assets per year, depending on size of SO)	Varies with parent organization and level of services; typically less than SOs or PFs	Varies with choice of board, and level of services required
Tax deduction limits for gifts of cash*	50% of adjusted gross income	50% of adjusted gross income	30% of adjusted gross income
Tax deduction limits for gifts of stock or real property*	30% of adjusted gross income	30% of adjusted gross income	20% of adjusted gross income
Excise taxes	None	None	Excise tax of 1% to 2% of net investment income annually
Valuation of gifts	Fair market value	Fair market value	Fair market value for publicly traded stock; cost basis for all other gifts, including gifts of closely held stock or real property

*Excess in any year's donations can be carried forward up to five years.