

# Alternatives to Creating to a Private or Family Foundation

Austin Community Foundation offers philanthropists a simpler, cost-effective alternative to a private foundation. A fund with Austin Community Foundation allows you to facilitate your family's charitable activities without the administration, management and IRS reporting associated with a private foundation. The fund costs less to maintain than a private foundation and minimizes the paperwork for giving.

	<b>Private Foundation (PF)</b>	<b>Donor Advised Fund (DAF)</b>
<b>Tax status</b>	Private Foundation	Public Charity – component fund of Austin Community Foundation
<b>Tax deductibility</b>	30% of AGI for cash 20% of AGI for LTCG	60% of AGI for cash 30% of AGI for LTCG
<b>Valuation of gifts other than public traded stock</b>	Cost basis	Fair market value
<b>Limit on excess holdings (% of ownership of business interests)</b>	2% de minimis allowed; 20% limit (can be remedied in 5 yrs)	2% de minimis allowed; 20% limit (can be remedied in 5 yrs)
<b>Excise tax on excess holdings</b>	10%	10%
<b>Excise tax on net investment income</b>	2% excise tax on net investment income, possible penalty taxes	None
<b>Annual payout required</b>	5% of net investment income	None
<b>Pay family members as staff</b>	Yes	No
<b>Pay non-family as staff</b>	Yes	No
<b>Donor education</b>	PF staff or outsourced	Access to the Foundation's donor education
<b>Grantmaking support</b>	PF staff or outsourced	Our staff expertise
<b>Governance</b>	PF establishes governance documents	Under our governance documents
<b>Board of Directors</b>	Appoint	None for fund – but donors are advisors; the Foundation's Board oversees all funds
<b>Accounting systems</b>	Established and staffed by PF	Use our accounting systems and staff
<b>Tax return</b>	990PF prepared by PF	None – part of the Foundation
<b>Audit</b>	May be required for PF	Part of and supported by the Foundation