

# Comparison of ORCF Donor Advised Funds versus Private Foundations

Considerations	ORCF Donor Advised Funds	Private Foundations
<b>Ease of Establishment &amp; Tax Exempt Status</b>	<ul style="list-style-type: none"> <li>Fund is established immediately with a simple agreement and covered by ORCF's tax exempt status</li> </ul>	<ul style="list-style-type: none"> <li>Corporation or trust required; IRS application for tax exempt status may take 6+ months to process</li> </ul>
<b>Start Up Costs</b>	<ul style="list-style-type: none"> <li>No Start Up Costs</li> </ul>	<ul style="list-style-type: none"> <li>Generally, \$5,000-\$10,000</li> </ul>
<b>Assets Required</b>	<ul style="list-style-type: none"> <li>\$10,000 minimum</li> </ul>	<ul style="list-style-type: none"> <li>\$8+ million to be cost-effective</li> </ul>
<b>Investment of Assets</b>	<ul style="list-style-type: none"> <li>ORCF Investment Committee oversees investment policies</li> </ul>	<ul style="list-style-type: none"> <li>PF must establish policies, select investments and pay associated fees</li> </ul>
<b>Tax Deductions for Cash Gifts</b>	<ul style="list-style-type: none"> <li>Up to 60% Adjusted Gross Income</li> </ul>	<ul style="list-style-type: none"> <li>Up to 30% Adjusted Gross Income</li> </ul>
<b>Tax Deductions for Appreciated Publicly-Traded Securities Gifts</b>	<ul style="list-style-type: none"> <li>Full Market Value up to 30% Adjusted Gross Income</li> </ul>	<ul style="list-style-type: none"> <li>Full Market Value up to 20% Adjusted Gross Income</li> </ul>
<b>Excise Tax on Investment Income</b>	<ul style="list-style-type: none"> <li>No Excise Tax</li> </ul>	<ul style="list-style-type: none"> <li>1.39% Excise Tax</li> </ul>
<b>Payout Requirements</b>	<ul style="list-style-type: none"> <li>None, at donor discretion</li> </ul>	<ul style="list-style-type: none"> <li>Annual minimum payout 5% of assets</li> </ul>
<b>Annual Tax Filings &amp; Returns</b>	<ul style="list-style-type: none"> <li>Filed by ORCF</li> </ul>	<ul style="list-style-type: none"> <li>Must be filed by PF with required detailed reporting schedules</li> </ul>
<b>General Administration</b>	<ul style="list-style-type: none"> <li>No donor fees, ORCF underwrites administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Trustees must perform, contract or hire staff for these services</li> </ul>
<b>Grantmaking Control</b>	<ul style="list-style-type: none"> <li>Donor may recommend grants to any IRS Qualified Charity; Grants approved by the ORCF Board</li> </ul>	<ul style="list-style-type: none"> <li>Trustee appointed board controls grantmaking to IRS Qualified Charities</li> </ul>
<b>Grant Administration</b>	<ul style="list-style-type: none"> <li>ORCF staff verifies IRS charity status, writes checks and distributes grants (in the fund name or anonymously) with letters or agreements, and confirms distribution at no fee</li> </ul>	<ul style="list-style-type: none"> <li>Trustees must perform, contract or hire staff for these services</li> </ul>
<b>Grantmaking Support</b>	<ul style="list-style-type: none"> <li>ORCF investigates and monitors local charities and offers a wealth of expertise on local need and charities on request</li> </ul>	<ul style="list-style-type: none"> <li>Trustees must perform, contract or hire staff for these services</li> </ul>
<b>Privacy</b>	<ul style="list-style-type: none"> <li>Yes, fund size/grants are confidential</li> </ul>	<ul style="list-style-type: none"> <li>No, IRS 990-PF public record</li> </ul>
<b>Liability &amp; Risk Insurance</b>	<ul style="list-style-type: none"> <li>Provided by ORCF at no cost to donor</li> </ul>	<ul style="list-style-type: none"> <li>Must be purchased by PF</li> </ul>

# ORCF Donor Advised Funds

## A Great Alternative or Complement to Private Foundations

While an appropriate choice for many, disadvantages of private foundations include significant costs, lesser tax benefits, cumbersome administrative responsibilities and complicated annual tax filings and requirements. Such factors have driven a nationwide trend to establish Donor Advised Funds (DAF) instead of private foundations and to convert existing private foundation assets to DAFs.

Among Ocean Reef donors, the trend has been to establish a DAF to complement an ongoing private foundation. A key benefit of this arrangement is the option to donate private foundation funds into the DAF when not prepared to meet the annual distribution requirement at year end, enabling one to take the additional time needed to make informed granting decisions. Also, while private foundations must file a public tax record of assets and grants, some donors appreciate the fact that DAF size and grants are private.

Because Ocean Reef is a second home community, a lack of familiarity with the charities and connections to the philanthropic community in our surrounding areas can be a barrier to giving. With private foundations usually based in and focused on a "hometown" community, members often establish an ORCF DAF simply to take advantage of the Foundation's expertise on local issues and organizations as they begin spending more of the year at Ocean Reef.

ORCF Advised Fund Donors enjoy the convenience of local support staff to handle administrative details. Some choose to organize giving by consolidating South Florida or winter giving with the local Foundation (gifts can go anywhere in the country).

As an added benefit, local donations given in the name of the community through a DAF at the Ocean Reef Community Foundation help our neighboring communities to understand that they were given by Ocean Reef residents

specifically (not readily apparent when given through a private foundation) and to better appreciate the greater impact of Ocean Reef's contribution to the region's overall quality of life.

### Foundation Support

Through our Community Grants program and other efforts beyond the gate we have extensive knowledge of local charities, resources and emerging needs. Donors can rely on us for information on a broad range of philanthropic issues. The Foundation also offers many services to help connect donors to local causes aligned with individual priorities. Advised Fund Donors are encouraged to contact us to:

- Suggest local charities based on private foundation giving history
- Learn about community priorities and emerging needs
- Take advantage of our match grant and co-investment opportunities designed to meet identified needs and to maximize the impact of Ocean Reef giving
- Research specific areas of interest and nonprofit organizations
- Take part in our Charity Tours in surrounding communities and arrange site visits to learn more about local nonprofits
- Help you partner with other Ocean Reef donors on common goals, interests and projects
- Connect you with additional philanthropic resources
- Involve your family in your giving traditions
- Explore a variety of options to leave a lasting legacy

### Join Us for A Charity Tour!

*The Ocean Reef Community is invited to join the Foundation Grants Committee on at least three tours of Homestead, Florida City and Upper Keys charities which benefit from and/or have applied to our Community Grants program each season.*

*We are pleased to arrange site visits for specific charities of interest and tours to charities custom selected to align with personal giving priorities for our Advised Fund Donors on request.*

*Please contact us for dates and to reserve a seat (space is limited).*

