



## The Donor Advised Fund what is it?

A donor advised fund is a popular, flexible and easy way to support the organizations, causes and issues that you care about now and in the future. You can make contributions to your fund at any time and take a tax deduction for the year in which the gift is made. The funds may be endowed, meaning your only recommend grants on the yearly spendable amount, or non-endowed, meaning you may recommend granting all the fund balance over time. Grants may be recommended at any time to qualified charitable projects that you identify.

## Freedom to focus on your giving

### The Donor Advised Fund is a way to give that is:

**Personal:** You can recommend grants to causes you care about, whether in Henderson County or beyond.

**Simple and Streamlined:** You can recommend grants from anywhere at anytime. As a donor advisor you may make these recommendations by mail, fax, email or phone, it's your choice.

**Donor Friendly:** You suggest the charity; we take care of the details. We perform all IRS required due diligence, issue payments, notifications and make approved payments on your behalf.

**Accountable:** You receive quarterly statements showing all activity in the fund including gifts to the fund, grants paid and interest income if applicable.

**Informed:** As stewards in the community since 1983 we know local nonprofits and have access to the knowledge related to a broad spectrum of charitable interests across the United States; we put our knowledge and resources to work for you.

**Easy to start and to maintain:** Start a fund with as little as \$5,000 and add to it any time, over time. You may use a variety of assets including cash, securities, real property or other assets. Begin making recommendations immediately, or wait until later.

**Family Oriented:** Create family traditions around charitable giving by involving your family in grantmaking now and/or allow them to advise grants from the fund into the future.

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*(Over)*

Forever caring. Forever giving.



## Donor Advised Funds vs. Private Foundations

**Donor advised funds** have been touted as an attractive alternative to creating a private foundation. These funds can give donors a great sense of comfort and assurance that they can remain involved in their philanthropy long after the initial gift without being burdened with the fiduciary responsibilities placed on private foundations. The benefits of creating a donor advised fund are simply too attractive to ignore.

Considerations	Endowed Donor Advised Fund	Non-Endowed Donor Advised Fund	Private Foundation
<b>Tax Status</b>	Shares public charity status with Foundation	Shares public charity status with Foundation	Must self-establish tax-exempt status
<b>Involvement and Control</b>	You recommend grants to qualified non-profit groups, subject to CFHC approval	You recommend grants to qualified non-profit groups, subject to CFHC approval	You appoint a board which controls investments and grantmaking
<b>Annual grant payouts</b>	Based on Foundation's spending policy – currently up to 4%	Flexibility to spend entire fund balance over time.	IRS requires minimum 5% pay-out of asset value regardless of annual income
<b>Investment Earnings</b>	Volunteer and hired investment professionals guide investment strategies. Funds pooled for economies of scale	Funds that maintain an average daily balance of \$15,000 or more will receive interest earned quarterly.	Must establish, research and manage and report on own investment vehicles.
<b>Administrative fees</b>	Tiered fee structure based on a percentage of fund balance. Annual fees range from 1% to .75%	No fee charged unless funds are held less than 3 months	Can be costly, including administration, investment, accounting and audit fees
<b>Annual Taxes</b>	None	None	Generally tax exempt, subject to excise tax up to 2% of net investment gain including capital gains
<b>Fiduciary and Liability Responsibilities</b>	Foundation provides fiduciary and liability responsibility	Foundation provides fiduciary and liability responsibility	Private foundation board has full fiduciary responsibility and must cover liability risks
<b>Minimum to establish</b>	\$5,000 to become a permanent endowment	\$5,000 initial gift	\$1M practical minimum due to payout requirements & administrative costs

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