

CHOOSING A PATH TO PHILANTHROPY

Private Solutions vs. Whatcom Community Foundation
Partnership Opportunities

last updated: 10/02/2025



WHATCOM
community
FOUNDATION

	PRIVATE FOUNDATION (PF)	COMMERCIAL DONOR ADVISED FUND (DAF held at a brokerage, i.e. Vanguard or Schwab)	SUPPORTING ORGANIZATION	DONOR ADVISED FUND (DAF)
			WHATCOM COMMUNITY FOUNDATION SPECIFIC	
SET-UP CONSIDERATIONS				
COSTS	Most recent figures show that the average admin cost and investment fees of private foundations varies between 1.5-3.0% of assets. Private foundations of under \$5 million may have higher average costs. Start-up costs can be substantial.	Maintaining a DAF with a commercial institution typically involves admin. fees ranging from 0.6% to 1% annually, plus investment management fees which vary between institutions.	Costs are kept to a minimum through collaboration with WCF, and expenses may vary based on the needs and desired structure of the supporting organization. Fees are set based on org. structure, anticipated level of activity and support.	WCF's DAF service fees are tiered from 0.5% to 2% depending on fund type and size These fees are an extension of your philanthropy, supporting WCF's charitable activities broadly. (Please refer to WCF's fee schedule for more detail). There are no start-up costs involved.
TIME FRAME	Generally, 1-2 months.	Immediate.	Less than one month.	Immediate.
MINIMUM GIFT SIZE	> \$5 Million typically recommended.	Varies - minimum set by financial institution.	~ \$1 Million.	\$5,000 - \$10,000, dependent on fund type.
INCOME TAX DEDUCTIONS				
CASH	Up to 30% of adjusted gross income (AGI).	Up to 60% of adjusted gross income (AGI).	Up to 50% of adjusted gross income (AGI).	Up to 60% of adjusted gross income (AGI).
PUBLICLY TRADED SECURITIES	Full fair market value up to 20% of AGI.	Full fair market value up to 30% of AGI.	Full fair market value up to 30% of AGI.	Full fair market value up to 30% of AGI.



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**DONOR
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(DAF)

WHATCOM COMMUNITY FOUNDATION SPECIFIC

INCOME TAX DEDUCTIONS *(continued)*

**CLOSELY HELD
STOCK/
REAL ESTATE**

Limited to donor's cost basis,
up to 20% of AGI.

Full fair market value up to
30% of AGI.

Full fair market value up to
30% of AGI.

Full fair market value up to
30% of AGI.

ADMINISTRATION

**PROFESSIONAL
MANAGEMENT &
OVERSIGHT**

Performed by trustees, staff
and/or hired professionals.

Considerations include
succession plans,
guaranteeing effective
management and federal
compliance.

Fund offers approved
investment choices.

Board governance is shared
between the SO and WCF
appointees. WCF handles
all admin. management.

SO investments may also
benefit from WCF profess-
ional staff, investment
experience and more
favorable investment fees.

WCF handles all
administration.

Funds benefit from
professional management
as well as board fiduciary
oversight in perpetuity.

**GRANT
ADMINISTRATION**

Performed by trustees, staff
and/or hired professionals.

Limited support for Donors.
Corporate call centers
are rarely located in the
community where Donors
reside, which limits local
expertise. Offers minimum
due diligence on grant
requests.

Professional staff are available
to help identify and assess
grantees, provide input on
community opportunities &
needs, and verify nonprofit
status of groups.

WCF will make grant pay-
ments and help monitor
performance. SO board
makes grant decisions.

Donor/Advisor(s) recommend
grants to eligible 501(c)(3)
organizations, government
entities or religious
institutions. WCF conducts
due diligence, make grant
payments, monitor
performance and, if the
Advisor(s) wish, may assist in
establishing grant guidelines
and philanthropic goals,
and identifying recipients.

**INVESTMENT,
ACCOUNTING,
AUDIT & TAX
RETURNS**

Performed by trustees, staff
and/or hired professionals.

Varies.

All or some services can be
provided by WCF, based on
donors' wishes. Tax returns
are prepared by WCF.

WCF handles all investments
and accounting, files annual
tax return and provides an
annual independent audit.



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(DAF)

WHATCOM COMMUNITY FOUNDATION SPECIFIC

TAX CONSIDERATIONS

TAX STATUS

IRS rules for a private foundation's tax-exempt status applies.

Covered under nonprofit status of charitable subsidiary held at financial institution.

The SO benefits from the WCF's public charity status.

The DAF benefits from the WCF's public charity status.

**INCORPORATION &
TAX EXEMPTION**

Must create a corporation and apply for tax exemption, classified as a private foundation.

Covered under nonprofit status of charitable subsidiary held at financial institution.

Any existing incorp/ bylaws require updating. The SO would be a classified under WCF as a public charity.

Automatically covered by WCF's tax exemption.

EXCISE TAX

Excise tax is 1.39% of net investment income annually.
(Additional excise taxes may apply.)

No excise taxes currently, status threatened by proposed Federal policy changes.

No excise taxes.

No excise taxes.

REQUIRED DISTRIBUTION

Required to disburse 5% of asset value each year regardless of investment performance.

Varies. Many require annual minimum payout of certain percent of assets.

No required annual payout.

No required annual payout.

GRANTMAKING SUPPORT

PF/Donors must create and pay for their own grantmaking and monitoring structure to support PF activities.

Limited support for Donors. Corporate call centers are rarely located in the community where Donors reside, which limits local charitable giving support. Offers minimum due diligence on grant requests.

WCF's staff is available to help identify and assess grantees, provide input on community opportunities and needs, and conduct due diligence on potential grantees.

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DONOR ADVISED FUND

(DAF)

WHATCOM COMMUNITY FOUNDATION SPECIFIC

DONOR/ADVISOR INVOLVEMENT

PF appoints Board of Directors, which controls financial investments and grantmaking, and ensures legal compliance.

Donor recommends grants to qualified nonprofits. Grants are approved by trustees of the commercial gift fund.

WCF and Donors/Advisors work together to appoint and support a Board. SO board oversees investments and grantmaking.

Donor/Fund Advisors recommend grants to eligible nonprofit groups. WCF conducts due diligence, issues and monitors grants.

OTHER CONSIDERATIONS

PRIVACY

Required to file IRS Form 990 PF, the federal tax return for PFs. 990s are public records that include board member names and are compiled into published directories for grant seekers.

Must file detailed and public tax returns on grants, investment fees, trustee fees, staff salaries, etc.

Donors and/or grants may be kept private.

Upon request, WCF can serve as a buffer between donor and grant seekers, allowing anonymity.

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FUND CHANGES

Court proceedings may be required to modify the original purpose of the foundation.

Varies. In most cases changes can be made through processes established by the financial institution.

SO's Board may recommend changes to WCF Board for approval.

Upon request, fund purpose and direction may be modified to better serve the community and/or philanthropic goals.

LIABILITY & INSURANCE

D & O and liability insurance, employee bonding, and office insurance are purchased.

Covered by financial institution holding the fund.

D & O and liability insurance may be required.

Covered by WCF's insurance policies.