



# KEYS TO EFFECTIVE GIVING Donor-Advised Funds

*“Linking Vision  
with Ministry  
Through Gift  
Planning”*

The fastest growing form of charitable giving is the **Donor-Advised Fund (DAF)**. Donors create a DAF held by the Foundation by making contributions in either cash, stock, bonds, land, buildings, or virtually anything of value.

There are substantial benefits in creating a DAF which may include:

- Reduced income, estate and property taxes.
- Avoidance of capital gains taxes.
- Immediate charitable income tax deduction.
- Capitalizing on the appreciation in value of the property.
- Excellent substitute for a private foundation.
- Accelerating the work of ministry.



## **The Basics of DAFs**

DAFs are irrevocable and unconditional gifts which are placed in a separate fund with the Foundation. Strictly speaking the donor retains no control over the contributed funds, however, the donor is allowed to make non-binding advisory recommendations for the use of his or her contributions. It is the policy of the Foundation to follow the recommendations of the donor provided such recommendations are consistent with the ministry and values of the Foundation.



## **Alternative to Private Foundations**

A DAF with the Foundation is an excellent alternative to the use of a private family foundation. See a more detailed comparison on the reverse side.



## **Accelerate the Work of Ministry**

While providing substantial tax benefits and income opportunities, the use of the DAF is an effective tool in helping you fulfill your part in the Great Commission. Generous giving to the various ministries of the church help bring the message of the Gospel and holiness to world.



## **Request More Information**

Please feel free to contact our office for more information or visit our web site.



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## Donor-Advised Funds

### A Comparison of Private Foundations and Donor-Advised Funds

PRIVATE FOUNDATIONS	DONOR-ADVISED FUNDS
Substantial legal and accounting fees incurred by incorporation and obtaining tax-exempt status	Sign a simple agreement
Must perform financial and administrative services or contract or hire staff; annual 990 PF tax return required	The Foundation handles all financial, tax and administrative management and provides an annual independent audit
Complete information on your contributions and disbursements are public record	Your DAF is confidential
There is an excise tax of up to 2% on investment income	None
Deductions for cash gifts are limited to 30% of adjusted gross income	Deductions for cash gifts are limited to 50% of adjusted gross income
Deductions for capital gain property is limited to 20% of adjusted gross income	Deductions for capital gain property is limited to 30% of adjusted gross income
The valuation of deduction is based on cost basis, with the exception of full appreciated value for publicly traded securities	The valuation of deduction is based on full appreciated value
Must payout at least 5% of assets every year	No minimum annual distribution requirements
Must verify the charitable status of all recipient organizations	The Foundation verifies the charitable status of all recipient organizations
Uncertainty of how well the family will work together in the future	The Foundation has procedures in place, staff and a board to ensure an ongoing quality operation

*This information reflects, in very general terms, how a gift might affect specified tax liabilities. This is not an effort to reflect your current tax picture or suggest that a particular gift will have the indicated result in your case; only your lawyer and accountant can do that. We suggest you consult your professionals before acting upon the concepts reflected here.*