



# Donor Advised Fund

*a powerful giving tool*

## What is a Donor Advised Fund?

A Donor Advised Fund (DAF) is a **private** giving account within the Ten Talents Foundation and an excellent option for a **low-cost, tax-advantaged** alternative to a private foundation with greater flexibility.

## How it Works:

A DAF **works like a charitable investment account!**

1. You make gifts into your DAF. This gift can be invested and earn interest, allowing your giving capacity to increase!
2. You recommend which charities receive grants from your DAF.
3. The Ten Talents Foundation sends the nonprofit, organization, or ministry funding to support their work.

All the giving is directed from a single source, making tax preparation simple. Pending the type of gift, the donor receives a tax deduction in the year the gift is made to their fund. Funds may be invested in a variety of investment models, providing the possibility of tax-free growth.

## Give Cash OR Non-Cash Gifts

Gifts to your fund may be made in:

- Cash
- Bonds
- Appreciated Stock
- Agricultural Crops
- Business Interests
- Appreciated Real Estate
- Appreciated Securities
- Cryptocurrency



A Donor Advised Fund allows you to gift the full market value of appreciated stock or real estate to your Fund. This means **you may not pay capital gains taxes as you normally would** when selling property or stock.

## Benefits of a Donor Advised Fund:

- Receive significant tax benefits.
- Give cash OR non-cash assets.
- Give anonymously.
- No minimum fund distributions.
- Plan ahead. Give to your fund now, receive tax benefits, distribute to charities later.
- **Simplify your giving.** Give to multiple organizations & receive one tax deduction letter!
- Involve your family in giving decisions.
- Include instructions for the next generation as a beneficiary in your trust or will.
- Unite with other fund holders to increase impact!
- Receive support from Ten Talents who can connect you with ministries & causes aligning with your passions.



# Donor Advised Fund vs. Private Foundation?

Generous families and individuals often want a way to formalize their charitable giving. While a Private Foundation is an option, a Donor Advised Fund (DAF) provides more immediate and long-term benefits.

You can expect a lower cost while avoiding many of the legal, regulatory, reporting, and privacy concerns. A DAF also allows you to give to the charity of your choice while providing a legacy of generational giving. In the process, you receive immediate tax deductions, and often greater tax-wise benefits when you place appreciated assets in the fund.

## Comparing DAFs with Private Foundations

	Ten Talents Donor Advised Fund	Private Foundation
Legal Structure	Your giving account is a legal account under our 501(c)(3) foundation. This means that we hold all the legal responsibilities and you simply benefit under our covering as a foundation.	Is a legal entity (Secretary of State, IRS, Treasury Department, Corp Docs, 990, Annual Filing fees, board minutes, policies, CPA's, attorneys, staffing, etc.)
Suggested starting amount	\$5,000	\$10M-\$20M
Ongoing Costs	Very low start up and ongoing costs/fees	High start up and ongoing costs
IRS Form 990	Is a private account. How much you recommend to be given is private and not seen publicly through our 990.	Is a public entity with a publicly published 990. This means that your address, contributions, revenue, assets, and expenses are all publicly accessible, providing an over abundance of requests or criticism.
Privacy	Your account and information is private. We also recognize, with permission, people want to join in on a movement of generosity with other like-minded people.	Much of the information is public.
Naming	We can name your personal fund account "The Davis Family Foundation," "The Legacy Harvest Foundation," or "Davis Family Fund."	There may be a challenge legally, with duplicate naming rights throughout California and other states.
Tax Benefit	Gifted appreciated assets will be assessed as a tax deductible gift at fair market value of the gift.	Gifted appreciated assets will be assessed and tax deductible at "cost basis" and not at the appreciated fair market value.

	Ten Talents Donor Advised Fund	Private Foundation
Gifts Process	You simply recommend active and healthy organizations that you desire to fund and we approve the release of funds. We fund a vast amount of organizations that meet our foundational mission.	Gifts will also need to be approved and distributed according to mission of the private foundation.
Complex Gifts	We partner with experts to onramp complex gifts into your DAF of real estate, business interests, privately held stock, crops and other complex non-cash gifts, maximizing your tax planning.	Experts will need to be discovered and retained.
Research	We assist in maximizing giving by providing insights and assistance into the organizations you desire to be generous with.	The board or team have full responsibility to research, interview and qualify the organizations that are funded.
IRS Tax Letters	Gift letters and checks will be sent to organizations you recommended from the foundation on your behalf.	This is the responsibility of the private foundation team.
Liability	Transfers liability to the Ten Talents Foundation	Liability is solely held
Generational Giving (aka Legacy Giving)	Transfer values. DAFs help kids and grandkids learn to live generously	Additional complexities and reporting
Appreciated publicly traded securities	Fair Market Value, limited to 30% AGI in the year the stock was given	Fair Market Value, limited to 20% AGI
Other appreciated property donated (including real estate and closely held business interests)	Fair Market Value, limited to 30% AGI in the year the appreciated property was given	Cost Basis, limited to 20% AGI
Mandatory annual distribution	None	Yes, 5% of foundation's assets
Excise tax on investment income	None	Yes, 2% of foundation's net annual investment income

**Note:**

Over the last 10 years, DAFs have exploded in popularity. By the end of 2021, an all-time high of \$77.09 billion was given through over 1,000,000 DAFs (Source: *National Philanthropic Trust*). Advisors are suggesting that, unless you plan to start a Private Foundation with \$10-\$20M, a Donor Advised Fund is the best way to start your strategic giving.