

The Private Foundation Life Cycle: A Compliance Overview

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Table of Contents

- I. Organizational Matters
- II. Operational Issues
- III. Excise Taxes
- IV. Grant Making Issues
- V. Dissolution

Organizational Matters

Choice of Entity – State Law



Nonprofit Corporation vs. Charitable Trust

- Ease of formation
- Type and amount of assets to be held
- Type and scale of planned activities
- Liability protections for directors
- Expected amount of UBTI
- Governance
- Permanence of mission statement
 - Changing purpose under each option

Choice of Entity – Federal Law



- A private foundation is a 501(c)(3) organization that does not qualify as a public charity.
- Operating Foundation vs. Non-Operating Foundation
- Tax Treatment of Contributions
- Income Tax Rate on UBTI
 - Nonprofit Corp. = 35% at \$10m+
 - Charitable Trust = 39.6% at \$12,400

5

Operational Issues

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