

# The Private Foundation Life Cycle: A Compliance Overview

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## Organizational Matters

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### 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

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## Operational Issues

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