

PRESENTED AT

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501(C)(4)s, Donor Advised Funds, and LLCs: Alternatives to Private Foundations

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The Problem

- Traditional PF's seen as too rigid, regulated
 - Lobbying highly restricted (§4945)
 - Electioneering prohibited (§4945)
 - Deduction limitations (§170)
 - Asset/ investment restrictions (§§ 4941, 4943, 4944)
 - Restrictions on grantmaking (§4945)
 - Payout (§4942)
 - Reporting and disclosure
 - Compliance burden

The Trend

- Movement away from either/or mentality and towards using all the tools available
- DAF's continue to grow, but many donors have both DAF's and PF's
- Increasingly funding and coordinating different entities, including (c)(3) and (c)(4)
- Emergence and increased use of "hybrids" or non-philanthropic vehicles (LLC)

Key Considerations

- Tax implications / Deductibility
- Control
- Publicity and Disclosures
- Registration and Reporting
- Flexibility
- Likely tactics and strategies
- Integration of staff, assets, and activities

501(c)(4) – Social Welfare Organizations

501(c)(4)

- Must be operated “primarily for the purpose of bringing about civic betterment and social improvements”
- No “excess benefit transactions”
- No private benefit, private inurement
- Campaign intervention is not promotion of social welfare, so can’t be primary but not prohibited
 - No definition of “primary”; but 49% is the limit
- Pairing (c)(3) and (c)(4) entities is common

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