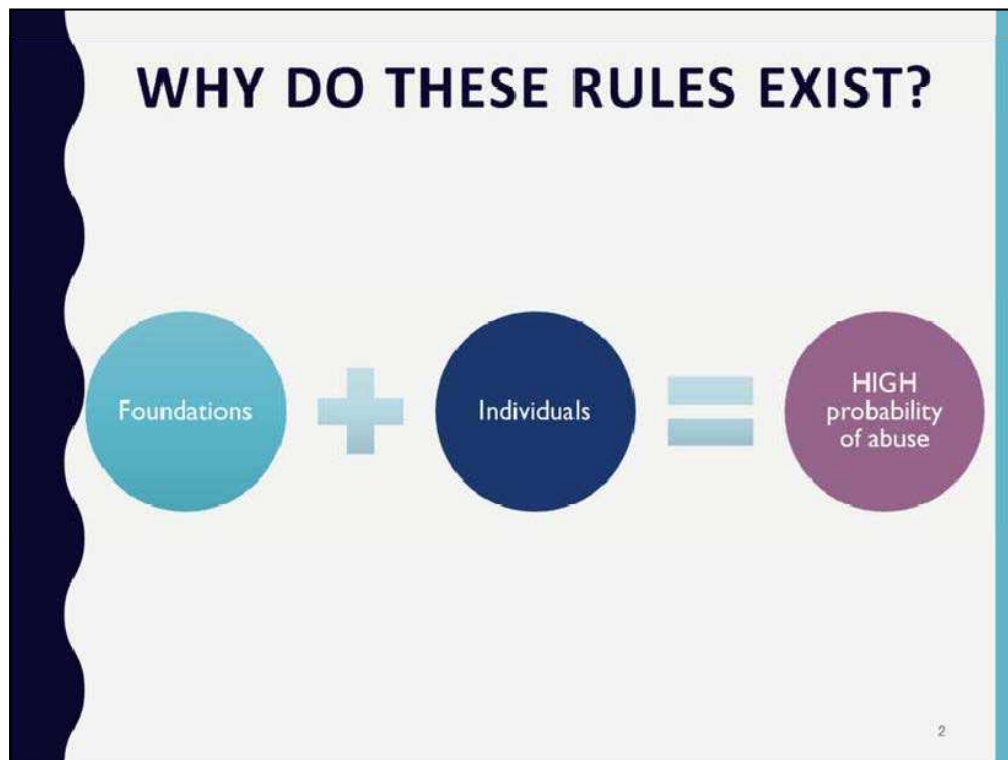




INVESTING IN PEOPLE: FUNDING INDIVIDUALS AND INTERMEDIARIES

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Private foundations are already the most suspect creatures in the exempt organizations world. The Chapter 42 excise taxes, ranging from the self-dealing rules to the taxable expenditure rules, all reflect a fundamental bias that these institutions are not necessarily to be trusted to act appropriately without a nudge from the tax code.

You add in the gratuitous transfer of money into the hands of individuals, and what you have is an amber alert situation.

This is why the rules for grants to individuals differ for private foundations and public charities. However, the foundation rules also provide best practice guidance for public charities to ensure:

- Charitability
- Avoidance of private benefit
- Objective and nondiscriminatory selection process

AGENDA

- Grants for travel, study, or other similar purposes
- Other types of payments to individuals
- Other legal considerations

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Grants for travel, study, or other similar purposes:

- Selection process
- Using intermediaries to administer individual grant programs

Other payments to individuals:

- Grants in recognition of past achievement
- Disaster relief/grants to indigent persons
- Distinction between a grant and a payment for services

Other legal considerations:

- Intellectual property
- Anti-discrimination law



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