

FOUR PROBLEMS SOLVED WHEN PRIVATE FOUNDATIONS PARTNER WITH THE COMMUNITY FOUNDATION OF BROWARD

After considering various options and alternatives to create a charitable giving strategy, your client opted to create a private family foundation. Now that they have it, how will they go about managing it?

When looking back on the decision, and thinking about the path forward, you and your client may discover that a partnership with the Community Foundation of Broward can leverage the distinct attributes of your client's private foundation and help your client meet his or her goals – while rescuing your client from the mountain of paperwork faced by running a foundation.

Here are four problems solved when private foundations partner with the Community Foundation of Broward.

1. Five Percent Payout Solution

Challenge: Your client's foundation is approaching its year-end deadline to make the annual required 5% distribution but has not yet decided what issues/causes to support.

Solution: With a minimum contribution of \$25,000, the private foundation can create a Fund at a Community Foundation and make all or part of its 5% distribution to that Fund. Since the Community Foundation is a public charity it meets the payout requirement. Depending on the type of Fund created, the private foundation can make grant recommendations through donor advised or designated Funds or give the Community Foundation grantmaking discretion through scholarship, field of interest or unrestricted Funds. The Community Foundation is not subject to required minimum distributions, which gives your client's private foundation a lot more time to thoughtfully consider how to invest its philanthropic dollars in the community.

2. Access to Grantmaking Experts

Challenge: Your client wants to use his/her private foundation to make grants that create significant impact on a particular issue. However, he/she doesn't have the community knowledge, expert staff or access to research found at the Community Foundation. Coming up with an effective strategy is proving difficult.

Solution: The private foundation can create a Fund at the Community Foundation, which opens the door to unmatched philanthropic expertise, community knowledge and fiscal oversight. Not only does the expert team at the Community Foundation know Broward inside and out, they know exactly where the most impactful work is being done on a wide array of critical issues – and who is doing it. Partnering with the Community Foundation results in a customized giving strategy that will truly move the needle on the specific issues your client cares about most.

3. Anonymity Planning

Challenge: Oddly enough, private foundations really aren't "private" in that the foundation's 990-PF is a public document and easily accessed online. Contact information, grants, asset size and other information is disclosed on the tax form. There may be instances when your client wishes to maintain a lower profile to avoid solicitation or undesired publicity.

Solution: The Community Foundation does disclose its grants on its 990 but it does not have to disclose which Funds supported its grants. The private foundation may also establish an "alias" name for their Community Foundation Fund to remain anonymous, minimize unwanted solicitation and ensure their privacy.

4. Conversion to Community Foundation Fund

Challenge: For various reasons, the management of the private foundation has become burdensome, time-consuming and much too expensive. Succession planning for the private foundation can also be a major headache.

Solution: A sensible alternative may be to dissolve the private foundation and transfer the assets to the Community Foundation where a charitable Fund can be created in the name of the family or the private foundation – or anonymously. The Fund can also maintain the same focus and purpose of the original private foundation. Your clients also eliminate all of administrative burden associated with running a private foundation, but maintain the rewarding part – giving to the causes they care about most. This is the most efficient and effective way to create bold impact in our community.

There is a defined, regulatory process for termination and conversion of your client's private foundation to a Community Foundation Fund. Whether the private foundation is in corporate or trust form will dictate exactly what needs to be done, however, once the details are worked out the private foundation will file a final 990-PF to finalize the termination of private foundation status. Your client will then work directly with the Community Foundation to focus on effective grantmaking so he/she can shape the future of Broward in the way they envision.

Customized Solutions for Private Foundations

The Community Foundation of Broward has the experience and the expertise to work with private foundations or assume responsibility if and when the time is right. Our philanthropic management and grantmaking options can appeal to a wide range of a private foundation's goals and objectives in a highly personalized, customized manner.

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