



"Giving" Advice



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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable

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Foundation Grants Require More Due Diligence

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NEW YORK (Dow Jones)--Individuals with a donor-advised fund or private foundation may want to revisit the types of charities they grant to make sure they comply with Internal Revenue Service regulations.

Donations to so-called supporting organizations, which typically serve as fundraising arms to tax-exempt hospitals, universities and international organizations, may require more due diligence before donors can write that check.

IRS guidance released Wednesday attempts to make it easier for donors to know which supporting organizations they can fund. Nevertheless, donors may have to jump through a few hoops before making donations to certain organizations to avoid IRS scrutiny and possible fines.

Here's why: The Pension Protection Act of 2006 added restrictions to the grants by private foundations and donor-advised funds to certain types of supporting organizations in response to a "history of horrific abuses," said Leah Bishop, a partner in the Los Angeles office of Loeb & Loeb LLP. Grant makers must prove these supporting organizations meet the requirements of a public charity.

Otherwise, donations may not be counted as part of a private foundation's minimum 5% payout requirement. Private foundations and directors that fail to meet the minimum payout requirement could be hit with heavy fines. Grants from donor-advised funds to unqualified charities may also incur penalties.

In some situations, donors would have to follow what's called an

community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

expenditure responsibility process where they are tasked with monitoring how the grant will be used, maintenance of the funds and follow-up reporting.

Wednesday's ruling clarifies that grant makers can use IRS documents or those from third parties, such as electronic nonprofit database GuideStar, when determining whether a particular supporting organization is considered a public charity.

In either case, grant makers should consult an attorney or donor-advised fund practitioner before making grants to organizations other than public charities, said Kim Wright-Violich, president of Schwab Charitable, a unit of Charles Schwab Corp. (SCHW).

With grant making, "very few things are not doable unless they are unethical or illegal. It just requires some supervision and attentiveness," Wright-Violich said.

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