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Private Foundations—Domestic and International Grant-Making: Risks and Best Practices

Stephanie Withers, Financial Services Manager, W. K. Kellogg Foundation
Nicole Bencik and Janice Smith, Crowe Horwath LLP

April 12, 2017

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The information provided herein is educational in nature and is based on authorities that are subject to change.

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Welcome and Thank You!!

Domestic and International Grant-Making: Risks and Best Practices

Overview of topics

- Why are proper grant-making procedures important?
- Who is the grantee?
- Grants to individuals
- Grants to domestic charitable organizations
- Grants to government entities
- Grants to non-501(c)(3) organizations
- Program-related investments
- What if something goes wrong with a grant?
- 5 grant-making “best practices”



Why are proper grant-making procedures important?

- Avoidance of excise taxes:
 - Section 4945 provides a list of various kinds of grant-making or other expenditures that can subject a private foundation and its manager to penalty for making taxable expenditures
 - Grants to non-charities or certain supporting organizations without exercising expenditure responsibility
 - Grants for non-charitable purposes
 - Section 4942 imposes a minimum payout requirement for private foundations, approximately equal to 5% of the net investment (non-charitable) assets. The first tier tax is 30% of the undistributed amount, and the second tier tax is 100% of undistributed amount
 - Private foundations must know which grants will be treated as qualifying distributions for purposes of the minimum payout requirement
 - Section 4941 prohibits all acts of self-dealing, which are generally defined as financial transactions between the foundation and disqualified persons (including substantial contributors, board members and their families)
 - Transferring foundation income or assets to, or for the use or benefit of, a disqualified person
 - Certain agreements to make payments of money or property to government officials

Why are grant-making procedures important?

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No

5b

Polling Question #1

What statement best describes your current grant-making practices?

- A. Our grant-making program is straightforward, in that we primarily make grants to public charities – and we plan to keep it that way
- B. Our grant-making program is straightforward, in that we primarily make grants to public charities – but we would like to expand it
- C. We have a moderate to complex grant-making program, but we know the rules
- D. We have a moderate to complex grant-making program, but we sometimes need assistance understanding the rules

Who is the grantee?

- Examples of qualifying distributions include:
 - Distributions to certain individuals incurred to directly accomplish a charitable purposes, such as awarding scholarships to students
 - Distributions to domestic charitable organizations (section 501(c)(3) public charities)
 - Distributions to foreign charitable organizations, provided that the private foundation makes a good faith determination that the foreign donee is the equivalent of a public charity or private operating foundation
 - Distributions to government municipalities or agencies, where the funds are used for an exclusively public purpose
 - Distributions to other non-operating private foundations and to other public charities controlled by the donor private foundation (or disqualified persons) under limited circumstances
 - Distributions to taxable corporations – if they are accomplishing charitable purposes (and if expenditure responsibility is exercised)

Grants – General Overview

	Grants to Individuals	Grants to Certain Public Charities or Governmental Units (for Public Purposes)	Grants to All Others
Pre-approval of grant-making process (before the grant)	Yes	No	No
Expenditure responsibility (after the grant)	No	No	Yes

Grants to individuals

- Grants to individuals for travel, study, or other similar purposes are taxable expenditures, unless the following conditions are met:
 - The grant is awarded on an objective and nondiscriminatory basis – under a procedure approved in advance by the IRS
 - Advance IRS approval – Form 1023 or Form 8940
 - Selection process
 - Terms and conditions under which grants are made
 - Procedure for exercising supervision over grants
 - Procedures for review of grantee reports, for investigation where diversion of grant funds from their proper purposes is indicated, and for recovery of diverted grant funds
 - Selection of the individual should accomplish a charitable purpose rather than benefit a particular person or class – objective and nondiscriminatory basis
 - Prior academic performance
 - Aptitude tests
 - Recommendations
 - Financial need
 - Selection committee interview
 - Hardship grants
 - IRS Publication 3833, *Disaster Relief: Providing Assistance Through Charitable Organizations*
 - Achievement awards

Grants to domestic charitable organizations

- Publicly supported charities – organizations classified under section 509(a)(1) or 509(a)(2)
 - Grantee charity must not be controlled by the grantor foundation or disqualified persons
 - Grants are qualifying distributions and not taxable expenditures
 - Must not be earmarked for non-qualifying purposes (such as relieve the financial obligations of a disqualified person, influencing legislation or the outcome of a specific public election, etc.)
- Supporting organizations
 - Types of supporting organizations – Type I, Type II, Type III (functionally-integrated and non-functionally-integrated)
 - Grants to Type III non-functionally-integrated supporting organizations require the foundation to exercise expenditure responsibility
 - PLR 201642001 (10/14/2016) – PF's proposed grant to a supporting organization for the supporting organization to construct and operate a performing arts center on land supporting organization will purchase using other funds from a disqualified person with respect to the PF will not constitute an act of self-dealing under Section 4941

Grants to domestic charitable organizations

- Private operating foundations
 - Grants constitute qualifying distributions unless the private operating foundation is a controlled organization
 - PLR 201652004 (12/23/2016) - Grants by PF to POF to construct a community cultural center approved by IRS
 - Not self-dealing because grantor and grantee are both 501(c)(3) organizations; “disqualified person” does not include organizations exempt under section 501(c)(3)
 - Qualifying distributions – grantee is not controlled by grantor because only 2 of 11 directors of grantee are also directors of grantor
 - Not taxable expenditures – grants are made to an exempt operating foundation and will help promote exempt purposes
- Private foundations
 - Grantor foundation must ensure that grantee foundation redistributes the grant funds by the end of the grantee foundation's taxable year after the year in which the grant was received
 - Grantor foundation must also satisfy its own minimum distribution requirement
 - Requires expenditure responsibility

Polling Question #2

How large is your foundation in terms of asset size?

- A) Under \$25,000,000
- B) \$25,000,000 - \$100,000,000
- C) \$100,000,000 to \$500,000,000
- D) \$500,000,000 to \$1,000,000,000
- E) Over \$1,000,000,000

Grants to government entities

- Grants to domestic governmental units are treated as grants to public charities
 - Federal government, District of Columbia, state governments, possessions of the US and their political subdivisions
 - *Sovereign powers—right to tax, right to eminent domain, police power*
 - Qualifying distribution; not a taxable expenditure
- Grants to foreign governments
 - Must be made exclusively for charitable purposes to constitute a qualifying distribution and avoid taxable expenditure treatment



Grants to non-501(c)(3) organizations

- Grants to domestic organizations
 - Must be made for charitable purposes
 - Must not be controlled by private foundation or disqualified persons
 - Must exercise expenditure responsibility
 - Maintain in separate, segregated account
- Example—grant to taxable corporation to build a playground in a low-income neighborhood



Grants to non-501(c)(3) organizations

- Grants to international organizations (assuming they have not applied for / been recognized as exempt under section 501(c)(3))
 - Equivalency determination
 - Final Regulations dated October 19, 2015
 - Grantee's affidavit or an opinion of counsel (pre-2012)
 - Grantee's affidavit or written advice from a qualified tax practitioner (2012 Proposed Regulations)
 - Current written advice received from a qualified tax practitioner (2015 Final Regulations)
 - Broadens the class of advisors on whose written advice a private foundation may rely for equivalency determinations
 - “Qualified tax practitioner” now includes attorney, CPA, enrolled agent
 - Foreign counsel – foundation may rely on written advice that relies on advice or assistance from foreign counsel as to questions of foreign law or other matters within the counsel’s expertise
 - Grantee affidavit is not included, but information in grantee affidavit may be used in making a good faith determination
 - Grantee affidavit can no longer be “standalone” basis for determination
 - Revenue Procedure 92-94 to be updated

Grants to non-501(c)(3) organizations (continued)

- Expenditure responsibility
 - Pre-grant inquiry
 - Written agreement
 - Written status reports
 - Annual information return reporting
 - Maintain in separate, segregated account

Grants to non-501(c)(3) organizations

- Anti-Terrorism Measures
 - Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism
 - Signed by President George W. Bush on September 23, 2001
 - USA Patriot Act – Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism
 - U.S. Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities (released 2002; revised 2006)
 - Office of Foreign Assets Control (OFAC)
- See excerpt from OFAC's Specially Designated Nationals List (SDN)

AHMED NACER, Yacine (a.k.a. YACINE DI ANNABA), Rue Mohamed Khemisti, 6, Annaba, Algeria; Via Genova, 121, Naples, Italy; Vicolo Duchessa, 16, Naples, Italy; DOB 02 Dec 1967; POB Annaba, Algeria (individual) [SDGT].
AHMED, Abubakar (a.k.a. AHMAD, Abu Bakr; a.k.a. AHMED, Abubakar K.; a.k.a. AHMED, Abubakar Khalfan; a.k.a. AHMED, Abubakary K.; a.k.a. AHMED, Ahmed Khalfan; a.k.a. AL TANZANI, Ahmad; a.k.a. ALI, Ahmed Khalfan; a.k.a. GHAILANI, Abubakary Khalfan Ahmed; a.k.a. GHAILANI, Ahmed; a.k.a. GHAILANI, Ahmed Khalfan; a.k.a. GHILANI, Ahmad Khalafan; a.k.a. HUSSEIN, Mahafudh Abubakar Ahmed Abdallah; a.k.a. KHALFAN, Ahmed; a.k.a. MOHAMMED, Shariff Omar; a.k.a. ""AHMED THE TANZANIAN""; a.k.a. "AHMED, A.>"; a.k.a. "BAKR, Abu"; a.k.a. ""FOOPIE""; a.k.a. ""FUPI""; a.k.a. "KHABAR, Abu"); DOB 14 Mar 1974; alt. DOB 13 Apr 1974; alt. DOB 14 Apr 1974; alt. DOB 01 Aug 1970; POB Zanzibar, Tanzania; citizen Tanzania (individual) [SDGT].

Polling Question #3

Does your foundation engage in grant-making abroad?

- A) Yes—and we are comfortable with the rules
- B) Yes—but we would like to learn more about the rules
- C) No—and we do not intend to do so
- D) No—but we would like to do so

Program-related investments

- PRI's significantly further a private foundation's exempt activities
- No significant purpose can be the production of income or the appreciation of property
- Treated as qualifying distributions; do not constitute taxable expenditure
- Final Regulations – April 25, 2016 (Proposed April 19, 2012)
- Added 9 new PRI examples to the list of 10 examples
- Existing guidance was criticized as not being reflective of modern foundation operations
- New examples expand the types of programmatic investment activities in which private foundations can comfortably engage
- Statement of principles
 - Activity conducted in foreign country can further exempt purpose
 - Not limited to situations involving economically disadvantaged individuals in deteriorated urban areas
 - Recipients need not be within a charitable class – can be instruments for furthering exempt purpose
 - Potentially high rate of return does not automatically prevent qualification
 - Can be achieved through a variety of investments
 - Credit enhancement arrangement can qualify
 - Acceptance of equity position in conjunction with loan does not necessarily preclude qualification

What if something goes wrong with a grant?

EXAMPLES:

- Diversion of grant funds
- Grantee fails to make reports
- Grantor fails to follow expenditure responsibility requirements

5 grant-making “best practices”

1. Determine who is a disqualified person
2. Determine the public charity status of recipient organizations
3. For international grants, assess increased risk and required due diligence, and proceed accordingly
4. For grants for which expenditure responsibility is exercised, make sure that proper internal documentation is maintained in the event of an IRS audit
5. Regularly review grant letters and grant agreements – keep them current!



Polling Question #4

What topics would you like to hear about on future private foundation webinars (may check more than one)?

- A) Program-related investments
- B) Internal audit of grant-making practices
- C) Compensation matters
- D) Self-dealing – review of rules and discussion of case studies
- E) Alternative investment reporting update
- F) Excise tax on net investment income
- G) Form 990-PF – focusing on reporting complexities
- H) Other

Question and Answer



Thank you

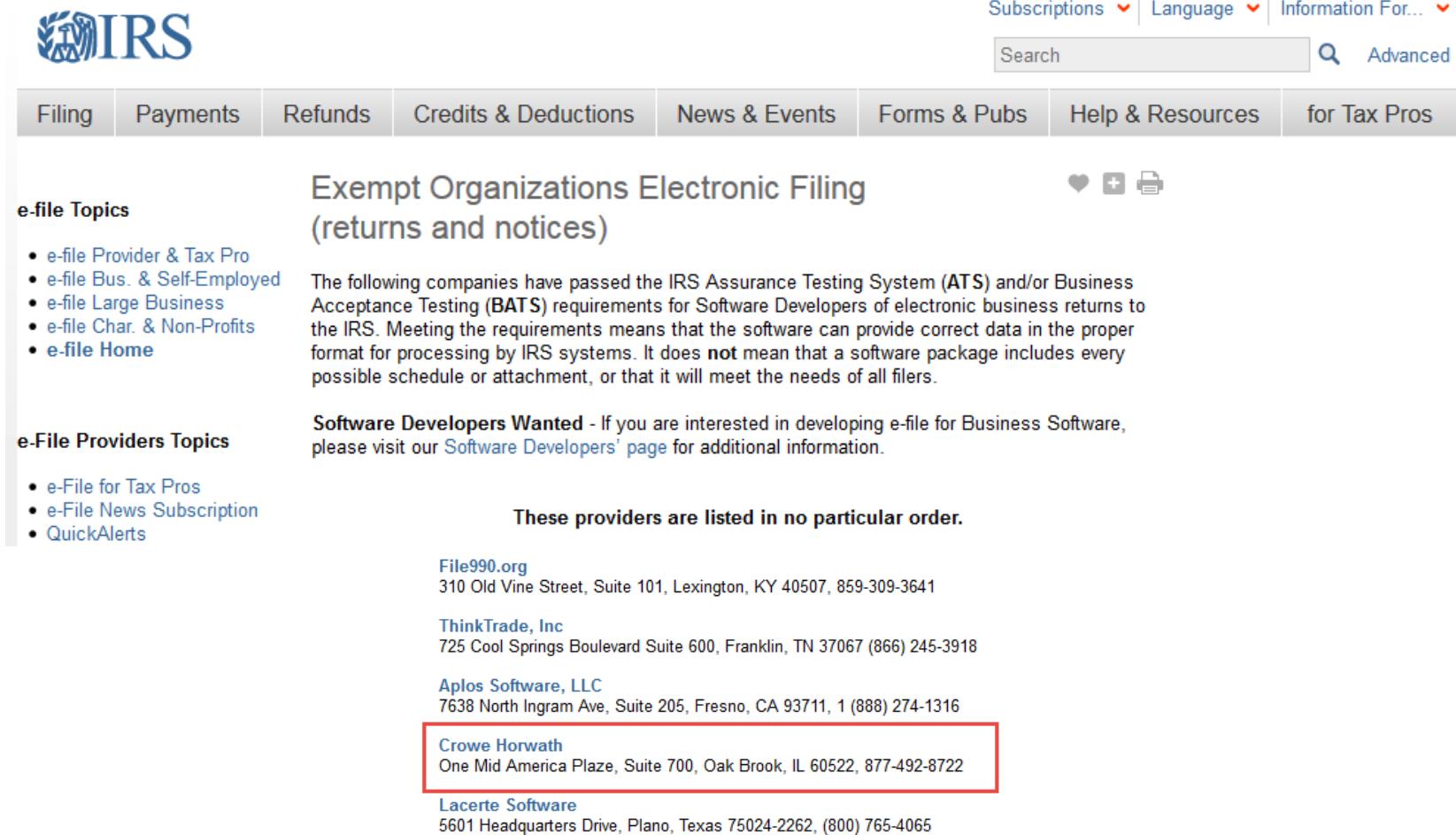


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2016 C-TRAC Suite

Including the C-TRAC 990/990-PF Software, the Alternative Investment Module, the State Module and more...

C-TRAC® - The Only IRS-Approved Software Developed by Tax Exempt Specialists for the Tax Exempt Community



The screenshot shows the IRS website with a navigation bar at the top. The navigation bar includes links for Subscriptions, Language, Information For..., a search bar, and Advanced search options. Below the navigation bar is a horizontal menu with links for Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, and for Tax Pros.

e-file Topics

- e-file Provider & Tax Pro
- e-file Bus. & Self-Employed
- e-file Large Business
- e-file Char. & Non-Profits
- e-file Home

Exempt Organizations Electronic Filing (returns and notices)

The following companies have passed the IRS Assurance Testing System (ATS) and/or Business Acceptance Testing (BATS) requirements for Software Developers of electronic business returns to the IRS. Meeting the requirements means that the software can provide correct data in the proper format for processing by IRS systems. It does **not** mean that a software package includes every possible schedule or attachment, or that it will meet the needs of all filers.

Software Developers Wanted - If you are interested in developing e-file for Business Software, please visit our [Software Developers' page](#) for additional information.

These providers are listed in no particular order.

File990.org
310 Old Vine Street, Suite 101, Lexington, KY 40507, 859-309-3641

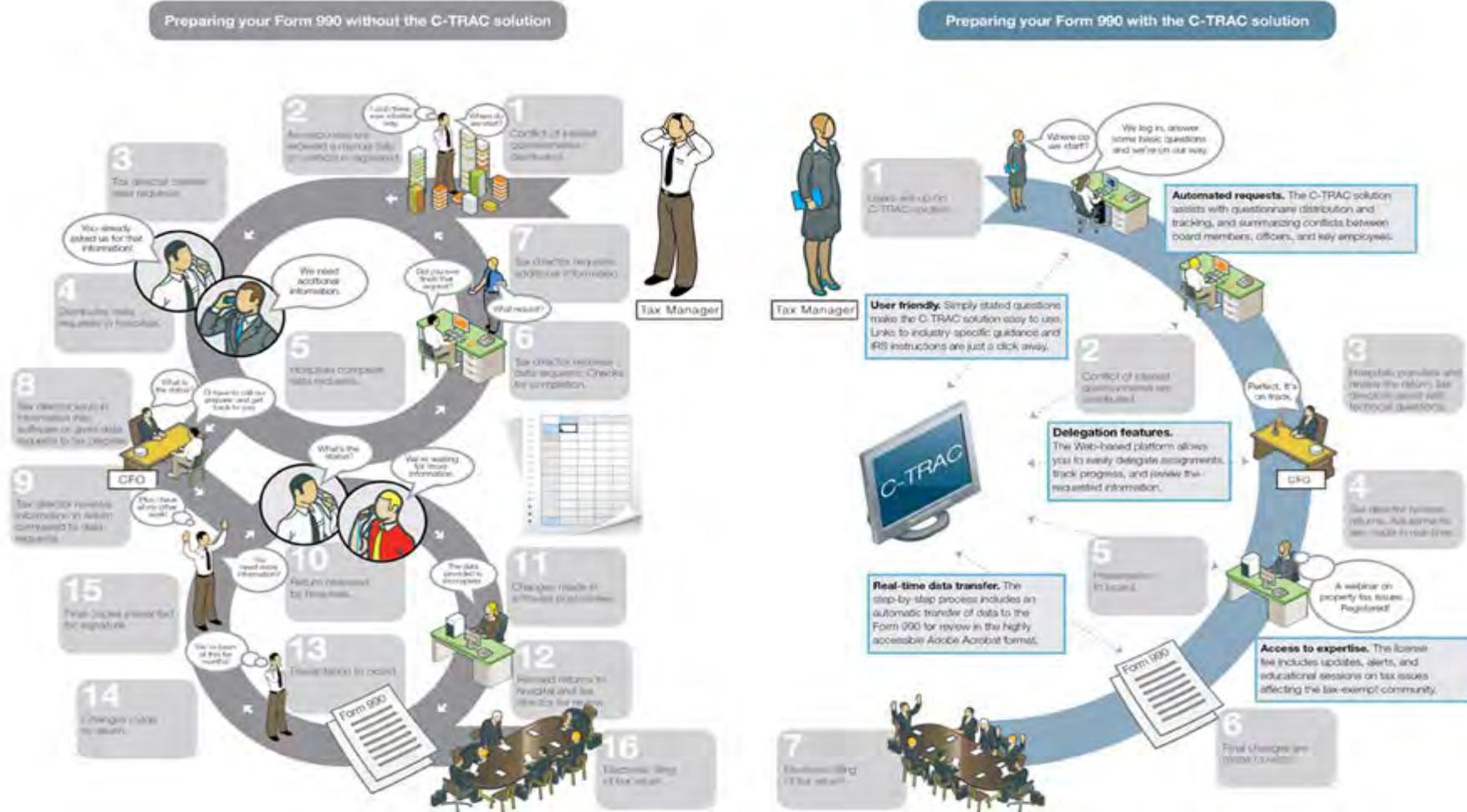
ThinkTrade, Inc
725 Cool Springs Boulevard Suite 600, Franklin, TN 37067 (866) 245-3918

Aplos Software, LLC
7638 North Ingram Ave, Suite 205, Fresno, CA 93711, 1 (888) 274-1316

Crowe Horwath
One Mid America Plaza, Suite 700, Oak Brook, IL 60522, 877-492-8722

Lacerte Software
5601 Headquarters Drive, Plano, Texas 75024-2262, (800) 765-4065

Form 990 – With & Without C-TRAC

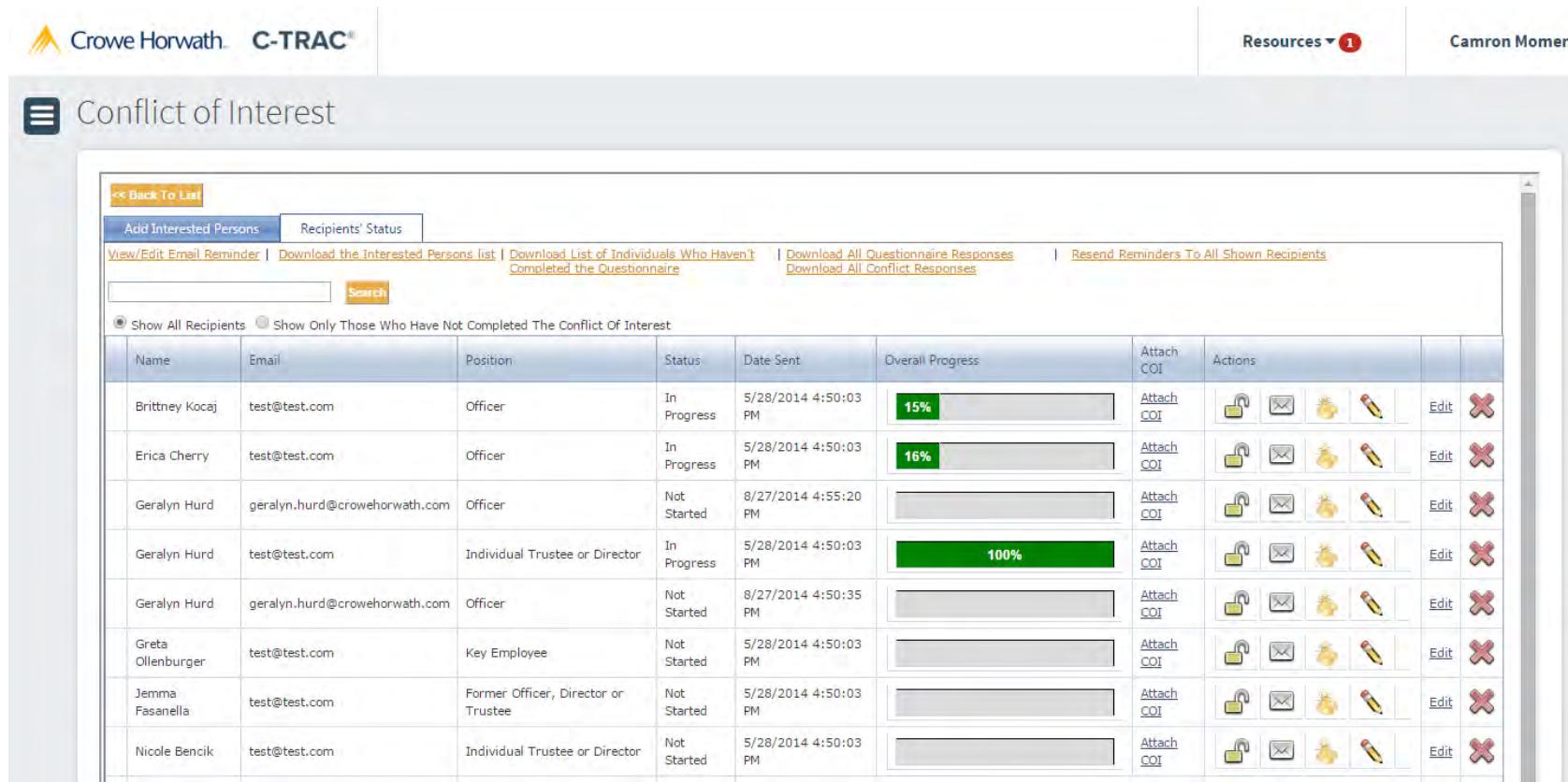




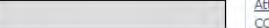
C-TRAC 990-PF Module

Conflicts of Interest Questionnaires

- Rollover Options with Access to Prior Year Responses
- Customization Capabilities



The screenshot shows a software interface for managing conflict of interest questionnaires. At the top, there is a navigation bar with the Crowe Horwath C-TRAC logo, a Resources dropdown with a red notification badge, and a user name Camron Momen. The main title is "Conflict of Interest". Below the title, there is a toolbar with buttons for "Back To List", "Add Interested Persons", "Recipients' Status", and several download and resend reminder options. A search bar and a "Search" button are also present. The main content area is a table listing recipients. The columns include Name, Email, Position, Status, Date Sent, Overall Progress (represented by a progress bar), Attach COI, and Actions. The "Actions" column contains icons for lock, email, reminder, and edit, along with a delete button. The "Overall Progress" column shows values like 15%, 16%, and 100% for different recipients.

Name	Email	Position	Status	Date Sent	Overall Progress	Attach COI	Actions
Brittney Kocaj	test@test.com	Officer	In Progress	5/28/2014 4:50:03 PM	15%	Attach COI	    Edit 
Erica Cherry	test@test.com	Officer	In Progress	5/28/2014 4:50:03 PM	16%	Attach COI	    Edit 
Geralyn Hurd	geralyn.hurd@crowehorwath.com	Officer	Not Started	8/27/2014 4:55:20 PM		Attach COI	    Edit 
Geralyn Hurd	test@test.com	Individual Trustee or Director	In Progress	5/28/2014 4:50:03 PM	100%	Attach COI	    Edit 
Geralyn Hurd	geralyn.hurd@crowehorwath.com	Officer	Not Started	8/27/2014 4:50:35 PM		Attach COI	    Edit 
Greta Ollenburger	test@test.com	Key Employee	Not Started	5/28/2014 4:50:03 PM		Attach COI	    Edit 
Jemma Fasanella	test@test.com	Former Officer, Director or Trustee	Not Started	5/28/2014 4:50:03 PM		Attach COI	    Edit 
Nicole Bencik	test@test.com	Individual Trustee or Director	Not Started	5/28/2014 4:50:03 PM		Attach COI	    Edit 

Net Investment Income True-Up

Form 990-PF

Part I Analysis of Revenue and Expenses

To avoid data loss, please save frequently. To save, click the Save button in the hovering toolbar. DO NOT close your browser without first saving your data.

[Back to Overview](#) [Import Revenue and Expenses](#)

Revenue

Question	(a) Revenue and expenses per books Form 990-PF Part 1, Column a  	(b) Net investment income Form 990-PF Part 1, Column b  	(c) Adjusted net income Form 990-PF, Part I, Line 1c  	(d) Disbursements for charitable purposes (cash basis only) Form 990-PF, Part I, Line 1d  	Tools
Contributions, gifts, grants, etc., received Form 990-PF, Part I, Line 1	  1,200,000				
Check <input type="checkbox"/> if the foundation is not required to attach Sch. B Form 990-PF, Part I, Line 2	 				

Check if the foundation is not required to attach Sch. B
Form 990-PF, Part I, Line 2  

Import From AIM

Line #	(a) Revenue and expenses per books	Alt Value	tsadflasfasdf	sbasdvasdv	Total
Form 990-PF, Part I, Line 3 - Interest on savings and temporary cash investments	31,231	277,114	100	100	308,345
Form 990-PF, Part I, Line 4 - Dividends and interest from securities	514,453	64,564	100	100	579,217
Form 990-PF, Part I, Line 5 - Gross rents (column B)	451,245	4,242	100	100	455,687
Form 990-PF, Part I, Line 7 - Capital gain net income (from Part IV, line 2)	0	42,343	100	100	42,543
Form 990-PF, Part I, Line 8 - Net short-term capital gain	0	0	100	100	200
Form 990-PF, Part I, Line 11 - Other income	296,182	0	100	100	296,382
Form 990-PF, Part I, Line 17 - Interest	124,124	-432	100	100	123,892
Form 990-PF, Part I, Line 18, Column B - Taxes	124,124	301	100	100	124,625

[Transfer to 990PF](#)

Import/Export Capabilities

- Template Files
- No character limitations

Grants and Contributions Paid During the Year or Approved for Future Payment
Form 990-PF, Part XV, Line 3  

Paid During the Year
Form 990-PF, Part XV, Line 3a  

Row #	Name	Relationship	Foundation Status	Purpose	Amount	Tools
1	Ounce of Prevention Fund	Independent	PC	Restricted to Educare Follow-Up	20,000	  
2	BPE	Independent	PC	General Operating Support	20,001	  
3	WestEd	Independent	PC	Restricted to SLI	20,002	  
4	University of Washington	Independent	PC	Restricted to National P-3 Center	20,003	  
5	Erikson Institute	Independent	PC	Restricted to New Schools Project -	20,004	  
6	Erikson Institute	Independent	PC	Restricted to Family Child Care Specialist Training & Research Project	20,005	  
7	New America Foundation	Independent	PC	General Operating Support	20,006	  
8	San Francisco Unified School District	Independent	PC	Restricted to PreK-3rd Leadership	20,007	  
9	Strategies for Children	Independent	PC	Restricted to General Operating	20,008	  
10	United Way of Massachusetts Bay	Independent	PC	Restricted to School Readiness Pipeline	20,009	  

10 rows per page | 20 total rows

Page 1 of 2 

Estimated Tax Payment Calculations

- Calculate estimates and penalties on Form 990-W and Form 2220

Estimated Payment

Question	(a)	(b)	(c)	(d)	Tools
Installment due dates 990-W, Line 11 <small>1</small> <small>+</small>	04/18/2016	06/15/2016	09/15/2016	12/15/2016	
Required installments 990-W, Line 12 <small>1</small> <small>+</small>	7,880	7,880	7,880	7,880	
2015 Overpayment 990-W, Line 13 <small>1</small> <small>+</small>	Override <input type="checkbox"/>	1,796	0	0	0
Payment due 990-W, Line 14 <small>1</small> <small>+</small>	6,084	7,880	7,880	7,880	

990-W
(Worksheet)
Form 990-W
Department of the Treasury
Internal Revenue Service

Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations
(and on Investment Income for Private Foundations)
(Keep for your records. Do not send to the Internal Revenue Service.)

OMB No. 1545-0976

2016

1	4,654,539
2	46,545
3	
4	46,545
5	
6	46,545
7	
8	46,545

- 1 Unrelated business taxable income expected in the tax year
- 2 Tax on the amount on line 1. See instructions for tax computation
- 3 Alternative minimum tax (see instructions)
- 4 Total. Add lines 2 and 3
- 5 Estimated tax credits (see instructions)
- 6 Subtract line 5 from line 4
- 7 Other taxes (see instructions)
- 8 Total. Add lines 6 and 7

Minimum Distribution Module

- Create multiple scenarios
- Run projection reports

Minimum Distribution Module

Scenario Management

January February

Add New Scenario Duplicate Scenario Delete this Scenario Transfer this Scenario to Form 990-PF

Last Transfer to 990-PF: February Copy on 7/28/16 11:31 AM

Question	2015 Data	Tools
Minimum Distribution Requirement Minimum Distribution Module, Scenario Management, Line 1	1,060,581	
Less: Current distribution already made Minimum Distribution Module, Scenario Management, Line 2	541,045	
Less: Utilization of prior year excess contributions Minimum Distribution Module, Scenario Management, Line 3	0	
Add: Undistributed income from Prior Year Minimum Distribution Module, Scenario Management, Line 4	34,570	
Additional amount required to be distributed prior to 2016 Minimum Distribution Module, Scenario Management, Line 5	554,106	

Minimum Distribution Module - Reports

Minimum Distribution Module

5 Year Projection Report

Choose Your Scenario
Minimum Distribution Module, Reports, Line 1 

January 

Question	2016	2017	2018	2019	2020	Years
Growth Rate Minimum Distribution Module, Reports, Line 2 	2	2	2	3	2	
Include Blockage Discount? Minimum Distribution Module, Reports, Line 3 	<input type="radio"/> Yes <input checked="" type="radio"/> No 					
Include Acquisition Indebtedness? Minimum Distribution Module, Reports, Line 4 	<input type="radio"/> Yes <input checked="" type="radio"/> No 					
Include Program Related Investments? Minimum Distribution Module, Reports, Line 5 	<input checked="" type="radio"/> Yes <input type="radio"/> No 					
Enter Program Related Investments 	1,000,000					
Include Amounts to Acquire Charitable Assets? Minimum Distribution Module, Reports, Line 6 	Crowe Horwath Private Foundation, Inc.					
Base Year: 2015 Scenario: January						
Minimum Distribution Scenario Projection						
Scenario Year	2016	2017	2018	2019	2020	
Tax Rate	2%	2%	2%	2%	2%	
Growth Rate	0%	0%	0%	0%	0%	
Anticipated Average Cash Balances:	18,826	18,826	18,826	18,826	18,826	
Anticipated Average Securities Balance:	3,768,191	3,768,191	3,768,191	3,768,191	3,768,191	
Anticipated FMV of Other Assets:	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	
Total:	21,787,016	21,787,016	21,787,016	21,787,016	21,787,016	
Less Blockage Discount:	-	-	-	-	-	
Less Acquisition Indebtedness:	-	-	-	-	-	
Net Value of Non-Charitable Use assets:	21,460,211	21,787,016	21,787,016	21,787,016	21,787,016	
Minimum Investment Return	1,073,011	1,076,823	1,076,823	1,076,823	1,076,823	
Taxes:	2	2	2	2	2	
5 Year Average Distribution Ratio	0.049590	0.043428	0.046591	0.019785	0.024016	
Required Distribution	1,073,009	1,076,821	1,076,821	1,076,821	1,076,821	
Projected Distribution:	491,045	491,045	491,045	491,045	491,045	
Difference:	(581,964)	(585,776)	(585,776)	(585,776)	(585,776)	



Alternative Investment Module

Web-Based Data Repository

Crowe Horwath C-TRAC®

Resources 1 Camron Momeni

Alternative Investment Module

1. Manage Investments 2. Manage Investment Managers 3. Review Investments 4. Federal Forms 5. Reports

	Investment Name	EIN (No Dashes)	Group Name	Entity Type	Federal UBI	State UBI	Foreign Disclosures		K-1 File	Status	
1	333 INVESTMENT	86-7530900		U.S. Partnership	✓	✓	✓	View Analysis	K-1 Received	Review 3	✗  
2	ABC PARTNERSHIP	51-6045046		U.S. Partnership			✓	View Analysis	Will Receive	No Data	✗  
3	BKP PARTNERSHIP			Foreign Partnership			✓	View Analysis	Will Receive	No Data	✗  
4	CROWE PARTNERS LLC	12-3321233		Foreign Partnership				View Analysis	Will Not Receive	Review 1	✗  
5	CROWE PARTNERS OFFSHORE	32-5640000		Foreign Corporation			✓	View Analysis	Will Not Receive	No Data	✗  
6	FAMILY INVESTMENT S-CORP	98-1027207		S-Corp	✓	✓		View Analysis	K-1 Received	No Data	✗  
7	FOREIGN CORP1			Foreign Partnership				View Analysis	Will Not Receive	No Data	✗  
8	INVESTMENT 2			Foreign Partnership				View Analysis	Will Receive	No Data	✗  
9	INVESTMENT TRUST A	98-1027307		Trust				View Analysis	Will Receive	No Data	✗  
10	NEW INVESTMENT			U.S. Partnership			✓	View	Will Receive	No Data	✗  

Automates Requests to Investment Managers

Alternative Investment Module

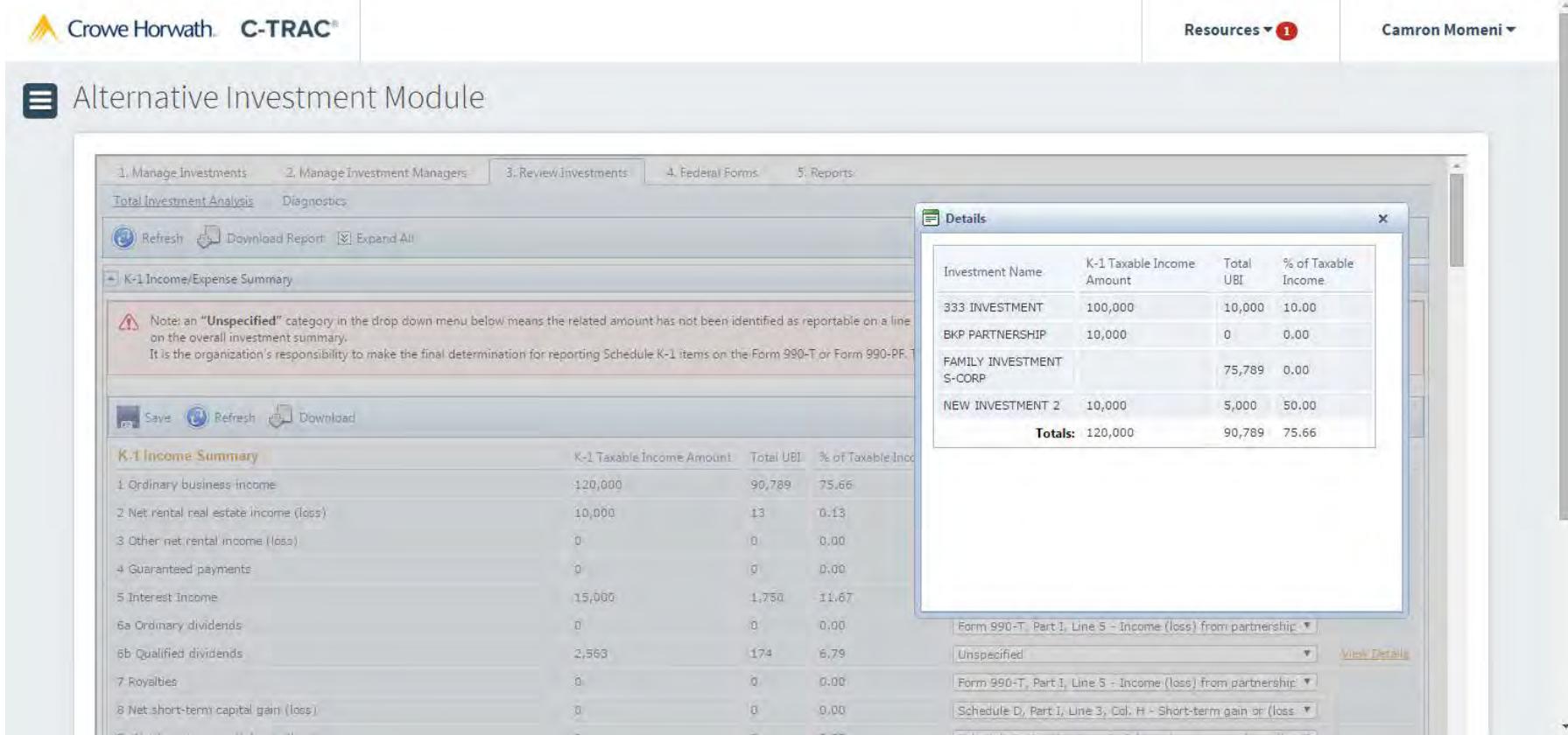
1. Manage Investments 2. Manage Investment Managers 3. Review Investments 4. Federal Forms 5. State Forms 6. General Attachments 7. Reports

[+ Add Investment Manager](#) [Resend Reminder Emails](#) [View/Edit Email Reminder](#)

View Details	Investment Manager	Title	Email Address	Edit	Delete	Original Sent Date
▶	Nicole Bencik		nicole.bencik@crowehorwath.com			
▶	jennifer heng					
▶	Camron Momeni	Inv. Mgr.	camron.momeni@crowehorwath.com			
▶	John Doe		jdoe@test.com			
▶	Kevin G					
▶	Raeohl Spurlock	CFO				
▶	Mallory Fairless		mallory.galvin@crowehorwath.com			
▶	jennifer heng					
◀	Geralyn Hurd	Investment Manager	geralyn.hurd@investments.com			

Investment Name	Delegated to the Investment	Status	Overall Progress	Additional Questionnaire	Prior Year Questionnaire	Comments	Lock
ADAMS STREET PARTNERSHIP FUND - 2004 NON-U.S.	<input type="checkbox"/>	Not Started	<div style="width: 20px; height: 10px; background-color: #ccc;"></div>	N/A (None Requested)	View Prior Year Questionnaire Response		
ADAMS STREET PARTNERSHIP FUND - 2004 U.S. FUND, L.P.	<input type="checkbox"/>	Not Started	<div style="width: 20px; height: 10px; background-color: #ccc;"></div>	N/A (None Requested)	View Prior Year Questionnaire Response		
ADAMS STREET PARTNERSHIP FUND - 2007 NON-U.S.	<input type="checkbox"/>	Not Started	<div style="width: 20px; height: 10px; background-color: #ccc;"></div>	N/A (None Requested)	N/A (None Requested)		
ADAMS STREET PARTNERSHIP FUND - 2007 U.S. FUND, L.P.	<input type="checkbox"/>	Not Started	<div style="width: 20px; height: 10px; background-color: #ccc;"></div>	N/A (None Requested)	N/A (None Requested)		

View High-Level or Drill-Down to Detailed Information



The screenshot shows the C-TRAC software interface for the Alternative Investment Module. The main window displays a K-1 Income/Expense Summary table with various categories of income and their corresponding taxable amounts and percentages. A detailed 'Details' modal window is open, showing a table of investments with their K-1 taxable income amounts, total UBI, and percentages. The modal also includes dropdown menus for tax forms and specific line items.

K-1 Income Summary

	K-1 Taxable Income Amount	Total UBI	% of Taxable Income
1 Ordinary business income	120,000	90,789	75.66
2 Net rental real estate income (loss)	10,000	13	0.13
3 Other net rental income (loss)	0	0	0.00
4 Guaranteed payments	0	0	0.00
5 Interest income	15,000	1,750	11.67
6a Ordinary dividends	0	0	0.00
6b Qualified dividends	2,563	174	6.79
7 Royalties	0	0	0.00
8 Net short-term capital gain (loss)	0	0	0.00

Details

Investment Name	K-1 Taxable Income Amount	Total UBI	% of Taxable Income
333 INVESTMENT	100,000	10,000	10.00
BKP PARTNERSHIP	10,000	0	0.00
FAMILY INVESTMENT S-CORP		75,789	0.00
NEW INVESTMENT 2	10,000	5,000	50.00
Totals:	120,000	90,789	75.66

Form 990-T, Part 1, Line 5 - Income (loss) from partnership: ▾

Unspecified ▾ View Details

Form 990-T, Part 1, Line 5 - Income (loss) from partnership: ▾

Schedule D, Part 1, Line 3, Col. H - Short-term gain or (loss): ▾

Aggregates Federal, State & International Requirements

1. Manage Investments 2. Manage Investment Managers 3. Review Investments 4. Federal Forms 5. General Attachments 6. Reports

Total Investment Analysis Diagnostics

Refresh Download Report Expand All

K-1 Income/Expense Summary

Non K-1 Income/Expense Summary

990-T Reporting Summary

State Unrelated Business Income

Caution! State tax laws are complex and subject to change. The guidance provided cannot be considered tax advice. A full review of each state's requirements is required for compliance with state law.

606,414 Total Federal UBI

Save

State (click link for state instructions)	Filed in PY	Loss C/F	Overpayment C/F	UBI Amount	% Of Total Federal UBI	Apportionment %	Withholding	Taxes UBIT	Minimum UBI Threshold	Tax Rate	Organization to file State Return	
Alabama	<input checked="" type="checkbox"/>	0	0	325	0.05	0.000061	50			6.5%	<input checked="" type="checkbox"/>	View Details
Alaska	<input checked="" type="checkbox"/>	130,000	0	0	0	0	0		Top rate: 9.4% of the amount over \$90,000*	View Details	<input checked="" type="checkbox"/>	View Details
Arizona	<input type="checkbox"/>	-100,000		0	0	0	0			6.968%	<input checked="" type="checkbox"/>	View Details
Arkansas	<input checked="" type="checkbox"/>			0	0	0	0		Top rate: 6.5% of the amount over \$100,000 + \$5,440*	<input checked="" type="checkbox"/>	View Details	View Details
California	<input checked="" type="checkbox"/>	0		59,875	9.87	0.408673	0		\$1,000 gross receipts	8.84%	<input checked="" type="checkbox"/>	View Details

Automatically Populates Required International Disclosures

1. Manage Investments 2. Manage Investment Managers 3. Review Investments 4. Federal Forms 5. General Attachments 6. Reports

Click here for instructions on how to generate federal forms

Generate Tax Forms from Investments

Sort Report: Alphabetically by transferee [Download All Forms](#) [Download All Completed Forms](#)

Page Numbers: On Off

Include Attachments

Form 926 Form 8865 Form 5471 Form 8886 Form 8621 Form 4626 Schedule D (Form 1120) Form 8949 Form 4797 Form 6781 Form 4562 Other Forms

Form 926
[Instructions](#)

Lock All Forms Unlock All Forms Delete All Forms [Download Status Report](#) [Download All Forms](#) [Download All Completed Forms](#) Download report generated on 12/2/2014 7:17 PM.

Transferee Corporation	Investment Name: Transferor	Status:	Edit	Attachments	Download	Notes	Delete
		All					
926Transferee 1	VIEW TRANSFERORS(2)	Data Input		Attachments (0) 			
Blackstone LLP	VIEW TRANSFERORS(5)	Data Input		Attachments (0) 			
		Data Input		Attachments (1) 			
Bryan Capital	VIEW TRANSFERORS(4)	Data Input		Attachments (0) 			
Bryan Partner Fund	VIEW TRANSFERORS(2)	Data Input		Attachments (0) 			

Reports

Federal Unrelated Business Income (Form 990-T Reporting)									
Line Item	Value								
1 Form 990-T, Part I, Line 1 - Balance of gross receipts or sales and less returns and allowances	0								
2 Form 990-T, Part I, Line 2 - Cost of goods sold	0								
3 Form 990-T, Part I, Line 4a - Capital gain net income	0								
4 Form 990-T, Part I, Line 4b - Net Gain from Form 4797, Part II, Line 17, Col. g	0								
5 Form 990-T, Part I, Line 4c - Capital loss deduction for trusts	0								
6 Form 990-T, Part I, Line 5 - Income (loss) from partnerships and S corporations	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;">Investment Name</th> <th style="width: 20%;">Amount</th> </tr> </thead> <tbody> <tr> <td>ADAMS STREET PARTNERSHIP FUND - 2004 U.S. FUND, L.P.</td> <td>10,000</td> </tr> <tr> <td>Archlight Energy Partners</td> <td>15,000</td> </tr> <tr> <td>Total</td> <td>25,000</td> </tr> </tbody> </table>	Investment Name	Amount	ADAMS STREET PARTNERSHIP FUND - 2004 U.S. FUND, L.P.	10,000	Archlight Energy Partners	15,000	Total	25,000
Investment Name	Amount								
ADAMS STREET PARTNERSHIP FUND - 2004 U.S. FUND, L.P.	10,000								
Archlight Energy Partners	15,000								
Total	25,000								

State Unrelated Business Income

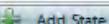
State	Filed In PY	NOL/C/F	UBI Amount	Withholding	Taxes UBIT (1)	Min UBI Threshold (2)	Tax Rate	Disclosure of Reportable Transactions Required (4)	Org to file State Return	Details		
										Investment Name	UBI Amount	Withholding
California			100	0	✓	\$1,000 gross receipts	8.84%	✓	✓	Archlight Energy Partners	100	0
										Total:	100	0
Illinois			50	50	✓		9.5%	✓	✓	Archlight Energy Partners	50	50
										Total:	50	50
Massachusetts			400,000	2,000	✓	\$1,000 of UBI	8%	✓		Archlight Energy Partners	400,000	2,000
										Total:	400,000	2,000
Michigan			25,000	10,000	✓	\$350,000 MI sourced UBI gross receipts	6%	✗		Archlight Energy Partners	25,000	10,000
										Total:	25,000	10,000
			Total:	425,150								



C-TRAC State Module

State Collection of Data – Apportionment or Allocation

Select a Section **K-1 UBI (State)**         

Select a State  **Add State** **There is no prior year data for this investment**

States	UBI Source <input type="checkbox"/> Force Apportionment	PY State UBI Amount	CY State UBI Amount *	PY Credits and Other Payments <small>Click for detail (Check if composite tax paid)</small>	CY Credits and Other Payments <small>Click for detail (Check if composite tax paid)</small>	Withholding Statements	Delete
AL (Edit)	<input type="radio"/> Allocable <input type="radio"/> Apportioned <input checked="" type="radio"/> Both	<input type="text"/>	37,151	<input type="text"/>	0 <input type="checkbox"/>	Statements (0)	Delete
AR (Edit)	<input type="radio"/> Allocable <input type="radio"/> Apportioned <input checked="" type="radio"/> Both	<input type="text"/>	7,781	<input type="text"/>	0 <input type="checkbox"/>	Statements (0)	Delete
AZ (Edit)	<input type="radio"/> Allocable <input type="radio"/> Apportioned <input checked="" type="radio"/> Both	<input type="text"/>	17,695	<input type="text"/>	0 <input type="checkbox"/>	Statements (0)	Delete

Federal UBI **Capital %** **Profit %** **Loss %**
1,324,598 0.812064 % 0.85066 % 0.85066 %

State UBI Amounts **Apportionment Factors**

State: Alabama Click update once you've completed your input to add the total state sourced UBI to the table above. <input type="button" value="Update"/> <input type="button" value="Clear All Fields"/>	Federal K-1 Amount <input type="radio"/> Taxable Amount <input checked="" type="radio"/> UBI Amount	State K-1 UBI Amount	Multiply <input checked="" type="radio"/> Federal <input type="radio"/> State K-1 Amount by: <input type="checkbox"/> Profit % <input type="checkbox"/> Loss % <input type="checkbox"/> Capital % <input type="checkbox"/> State UBI % (Enter below) <input type="button" value="Update Total UBI"/>	Total State Sourced UBI 37,151 Percent of Federal UBI 2.8
--	---	-----------------------------	---	--

CALCULATE STATE UBIT

1 Ordinary business income	-130,184	<input type="text"/>	<input type="text"/>	0
2 Net rental real estate income (loss)	-22,926	<input type="text"/> -849	<input type="text"/>	-849
3 Other net rental income (loss)	0	<input type="text"/>	<input type="text"/>	0
4 Guaranteed payments	0	<input type="text"/>	<input type="text"/>	0
5 Interest Income	0	<input type="text"/>	<input type="text"/>	0

State Apportionment Output

Boot Camp 112

State Apportionment Summary

	Total Property	Total Sales	Total Payroll	Federal UBI (All Investments)	State Apportioned UBI
Totals:	415,923	139,653	6,021	1,501,536	1,426,029
Override Totals:	0	0	0		

State	Total Property	Total Sales	Total Payroll	Apportionment Factor	State Apportioned UBI
AR	0	0	0	0	0
CA	413,726	133,310	4,295	0.904293	1,357,828
CO	0	0	0	0	0
GA	0	0	0	0	0
LA	0	0	0	0	0
ME	0	0	0	0	0
MI	0	0	0	0	0
NM	0	0	0	0	0
NY	2,197	6,343	1,726	0.045421	68,201
OH	0	0	0	0	0
OK	0	0	0	0	0
WV	0	0	0	0	0

Manage State Modifications, Apportionment Factors and Allocations

Crowe Horwath C-TRAC®

Resources ▾ 3

Camron Momeni ▾

State Module

Note: Data entered on this page will automatically be saved.

Tax year to import data from: Import 990-T Line 34 Import ADW Data Finalize Extension Grid View Report

Name	Alabama	Alaska	Arizona	Arkansas	Total
Federal Taxable Income	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	
State Modifications					
ST01 - Federal NOL Deduction	\$ 500,000	\$ -	\$ -	\$ -	
Total Modifications	\$ 500,000	\$ -	\$ -	\$ -	
Adjusted Federal Income	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	
State Taxable Income Selection	Allocation	Apportionment	Allocation	Allocation	
Apportionment Factor		0.000000			0.000000
Apportioned State Taxable Income	\$ -	\$ -	\$ -	\$ -	
Allocated State Taxable Income	\$ 37,550	\$ -	\$ (Set Value)	\$ (Set Value)	\$ 37,550
Additional State Modifications	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ -
Allocated Expenses from Form 990-T	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ -
Loss Carry Forward	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ -
State Taxable Income	\$ 37,550	\$ -	\$ -	\$ -	\$ 37,550
State Tax Rate	6.5%	0%*	0%	0%	
State Tax	\$ 2,441	\$ -	\$ 50	\$ -	\$ 4,211
Payments, Credits, and Withholding	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ (Set Value)	\$ -
Estimated Liability	\$ 2,441	\$ -	\$ 50	\$ -	\$ 4,211
Extension Required?	Automatic Extension (6 Months). If tax due, file Form 8750. Payment required electronically if tax due is \$750 or more.	Automatic Extension (6 Months)	Accepts Federal, Required to file Form 120-EXT if tax due.	Accepts Federal Extension; Can request an additional 60 days if Form AR-1155 is filed.	
Extension Due Date	03/15/2016	06/15/2016	05/15/2016	05/15/2016	

Data Automatically Flows to State Forms

The information was successfully saved.

Alabama Department of Revenue

Business Income Tax Payment Voucher

Tax Type: BIT **Tax Period:** 12/31/2015 **Form Type:** 20C 20CC

Payment Type: Return Amended Estimate Automatic Extension
(CHECK ONLY ONE BOX)

FEIN: 12-3456789

AMOUNT PAID: 0

LEGAL NAME: Crowe Horwath Foundation, Inc.

MAILING ADDRESS: 70 W. Madison

CITY: Chicago STATE: IL ZIP: 60602

BIT-V
Alabama Department of Revenue
Business Income Tax Payment Voucher
Tax Type: BIT • Tax Period: 12/31/2015 Form Type: 20C 20C-C
Payment Type: Return Amended Estimate Automatic Extension
FEIN: 12-3456789
AMOUNT PAID: \$ 0
LEGAL NAME: CROWE HORWATH FOUNDATION, INC.
MAILING ADDRESS: 70 W. MADISON
CITY: CHICAGO STATE: IL ZIP: 60602

Benefits

- Provides a disciplined approach to compliance & communications
- Web-based; User-friendly
- Accommodates an unlimited number of users
- Puts the organization in control
- Access to real-time data