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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.

# Today's Presenters

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**Welcome and Thank You!!**





# **Domestic and International Grant-Making: Risks and Best Practices**

# Overview of topics

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- 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?

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- 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?

Form 990-PF (2016)

Page **6**

## **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

<b>5b</b>		

# Polling Question #1

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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?

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- 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

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- 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 purposes 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

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- 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

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- 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

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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

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- 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

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- 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

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- 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)

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- 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

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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

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- 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?

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## EXAMPLES:

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

# 5 grant-making “best practices”

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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

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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

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# Thank you




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## 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

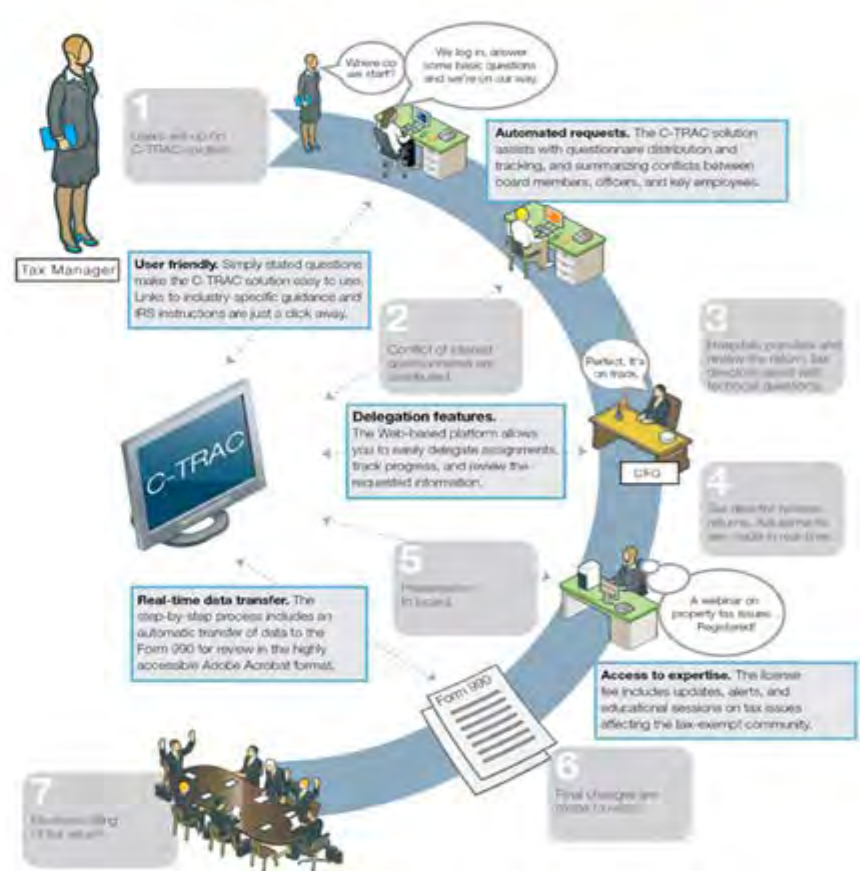
[Lacerte Software](#)  
5601 Headquarters Drive, Plano, Texas 75024-2262, (800) 765-4065

# Form 990 – With & Without C-TRAC

Preparing your Form 990 without the C-TRAC solution



Preparing your Form 990 with the C-TRAC solution




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# C-TRAC 990-PF Module

# Conflicts of Interest Questionnaires

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

 Resources **1** Camron Momen

## Conflict of Interest

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 [Download List of Individuals Who Haven't Completed the Questionnaire](#) | 
 [Download All Questionnaire Responses](#) | 
 [Download All Conflict Responses](#) | 
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☒ Show All Recipients 
 ☐ Show Only Those Who Have Not Completed The Conflict Of Interest

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	<div><div>15%</div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Erica Cherry	test@test.com	Officer	In Progress	5/28/2014 4:50:03 PM	<div><div>16%</div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Geralyn Hurd	geralyn.hurd@crowehorwath.com	Officer	Not Started	8/27/2014 4:55:20 PM	<div><div></div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Geralyn Hurd	test@test.com	Individual Trustee or Director	In Progress	5/28/2014 4:50:03 PM	<div><div>100%</div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Geralyn Hurd	geralyn.hurd@crowehorwath.com	Officer	Not Started	8/27/2014 4:50:35 PM	<div><div></div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Greta Ollenburger	test@test.com	Key Employee	Not Started	5/28/2014 4:50:03 PM	<div><div></div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Jemma Fasanella	test@test.com	Former Officer, Director or Trustee	Not Started	5/28/2014 4:50:03 PM	<div><div></div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>
Nicole Bencik	test@test.com	Individual Trustee or Director	Not Started	5/28/2014 4:50:03 PM	<div><div></div></div>	<a href="#">Attach COI</a>	<a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#"></a> <a href="#">Edit</a> <a href="#"></a>

# 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 i +	(b) Net investment income Form 990-PF Part 1, Column b i +	(c) Adjusted net income Form 990-PF, Part I, Line 1c i +	(d) Disbursements for charitable purposes (cash basis only) Form 990-PF, Part I, Line 1d i +	Tools
Import Data From AIM					
Contributions, gifts, grants, etc., received Form 990-PF, Part I, Line 1 i +	1,200,000				

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

#### Import From AIM

Line #	(a) Revenue and expenses per books	AIM Value	tsadfasdfasfd	sbadsvasdv	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 8)	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	-132	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 ⓘ +

<div><div><div><div> Add Item</div><div> Import Items</div><div> Export Items</div><div> Delete All</div></div><div></div></div></div>						
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 [Next](#)

# 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 	04/18/2016 	06/15/2016 	09/15/2016 	12/15/2016 	
Required installments 990-W, Line 12 	7,880	7,880	7,880	7,880	
2015 Overpayment 990-W, Line 13 	Override 	1,796	0	0	
Payment due 990-W, Line 14 	6,084	7,880	7,880	7,880	

Form **990-W**  
(Worksheet)  
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. 1545-0076

**2016**

<b>1</b>	Unrelated business taxable income expected in the tax year . . . . .	<b>1</b>	4,854,539	
<b>2</b>	<b>Tax on the amount on line 1.</b> See instructions for tax computation . . . . .	<b>2</b>	46,545	
<b>3</b>	Alternative minimum tax (see instructions) . . . . .	<b>3</b>		
<b>4</b>	Total. Add lines 2 and 3 . . . . .	<b>4</b>	46,545	
<b>5</b>	Estimated tax credits (see instructions) . . . . .	<b>5</b>		
<b>6</b>	Subtract line 5 from line 4 . . . . .	<b>6</b>	46,545	
<b>7</b>	Other taxes (see instructions) . . . . .	<b>7</b>		
<b>8</b>	Total. Add lines 6 and 7 . . . . .	<b>8</b>	46,545	

# 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](#)

January [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 <a href="#">?</a>	1,060,581	<a href="#">?</a>
Less: Current distribution already made Minimum Distribution Module, Scenario Management, Line 2 <a href="#">?</a>	541,045	<a href="#">?</a>
Less: Utilization of prior year excess contributions Minimum Distribution Module, Scenario Management, Line 3 <a href="#">?</a>	0 <a href="#">?</a>	<a href="#">?</a>
Add: Undistributed income from Prior Year Minimum Distribution Module, Scenario Management, Line 4 <a href="#">?</a>	34,570	<a href="#">?</a>
Additional amount required to be distributed prior to 2016 Minimum Distribution Module, Scenario Management, Line 5 <a href="#">?</a>	554,106	<a href="#">?</a>



# Minimum Distribution Module - Reports

## Minimum Distribution Module

### 5 Year Projection Report

Generate Excel Report Generate PDF Report

Choose Your Scenario

Minimum Distribution Module, Reports, Line 1

January

Question	2016	2017	2018	2019	2020	Tools
Growth Rate Minimum Distribution Module, Reports, Line 2	2	2	2	3	2	
Include Blockage Discount? Minimum Distribution Module, Reports, Line 3					Yes No	
Include Acquisition Indebtedness? Minimum Distribution Module, Reports, Line 4					Yes No	
Include Program Related Investments? Minimum Distribution Module, Reports, Line 5					Yes No	
Enter Program Related Investments			-1,000,000			
Include Amounts to Acquire Charitable Assets? Minimum Distribution Module, Reports, Line 6						
Include Set-asides? Minimum Distribution Module, Reports, Line 7						

### Minimum Distribution Scenario Projection

Crowe Horwath Private Foundation, Inc.

Base Year: 2015

Scenario: January

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

## Alternative Investment Module

1. Manage Investments    2. Manage Investment Managers    3. Review Investments    4. Federal Forms    5. Reports										
+ Add Investments		Import Investments		Lock All Investments		Investment Notes: All Notes ▾		Download Notes		
X Delete All Investments		Export Investments		Unlock All Investments				Download Investments		
	Investment Name	EIN (No Dashes)	Group Name	Entity Type	Federal UBI	State UBI	Foreign Disclosures		K-1 File	Status
				All ▾						All ▾
1	333 INVESTMENT	86-7530900		U.S. Partnership	✓	✓	✓	<a href="#">View Analysis</a>	K-1 Received	Review 3
2	ABC PARTNERSHIP	51-6045046		U.S. Partnership			✓	<a href="#">View Analysis</a>	Will Receive	No Data
3	BKP PARTNERSHIP			Foreign Partnership		✓	✓	<a href="#">View Analysis</a>	Will Receive	No Data
4	CROWE PARTNERS LLC	12-3321233		Foreign Partnership				<a href="#">View Analysis</a>	Will Not Receive	Review 1
5	CROWE PARTNERS OFFSHORE	32-5640000		Foreign Corporation			✓	<a href="#">View Analysis</a>	Will Not Receive	No Data
6	FAMILY INVESTMENT S-CORP	98-1027207		S-Corp	✓	✓		<a href="#">View Analysis</a>	K-1 Received	No Data
7	FOREIGN CORP1			Foreign Partnership				<a href="#">View Analysis</a>	Will Not Receive	No Data
8	INVESTMENT 2			Foreign Partnership				<a href="#">View Analysis</a>	Will Receive	No Data
9	INVESTMENT TRUST A	98-1027307		Trust				<a href="#">View Analysis</a>	Will Receive	No Data
10	NEW INVESTMENT			U.S. Partnership		✓		<a href="#">View</a>	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
	<input type="text"/>					
▶	Nicole Bencik		nicole.bencik@crowehorwath.com			
▶	Jennifer Heng					
▶	Camron Momeni	Inv. Mgr.	camron.momeni@crowehorwath.com			
▶	John Doe		jdoe@test.com			
▶	Kevin G					
▶	Rachel 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></div>	N/A (None Requested)	<a href="#">View Prior Year Questionnaire Response</a>		
ADAMS STREET PARTNERSHIP FUND - 2004 U.S. FUND, L.P.	<input type="checkbox"/>	Not Started	<div></div>	N/A (None Requested)	<a href="#">View Prior Year Questionnaire Response</a>		
ADAMS STREET PARTNERSHIP FUND - 2007 NON-U.S.	<input type="checkbox"/>	Not Started	<div></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></div>	N/A (None Requested)	N/A (None Requested)		

# View High-Level or Drill-Down to Detailed Information

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

Total Investment Analysis Diagnostics

Refresh Download Report Expand All

K-1 Income/Expense Summary

Note: an "Unspecified" category in the drop down menu below means the related amount has not been identified as reportable on a line on the overall investment summary. It is the organization's responsibility to make the final determination for reporting Schedule K-1 items on the Form 990-T or Form 990-PF.

Save Refresh Download

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
<b>Totals:</b>	<b>120,000</b>	<b>90,789</b>	<b>75.66</b>

Form 990-T, Part 1, Line 5 - Income (loss) from partnership  
Unspecified  
Form 990-T, Part 1, Line 5 - Income (loss) from partnership  
Schedule D, Part 1, Line 3, Col. H - Short-term gain or (loss)

View Details

# 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	
<a href="#">Alabama</a>	<input checked="" type="checkbox"/>	0	0	325	0.05	0.000061	50	<input checked="" type="checkbox"/>		6.5%	<input checked="" type="checkbox"/>	<a href="#">View Details</a>
<a href="#">Alaska</a>	<input checked="" type="checkbox"/>	130,000	0	0	0	0	0	<input checked="" type="checkbox"/>		Top rate:9.4% of the amount over \$90,000*	<input checked="" type="checkbox"/>	<a href="#">View Details</a>
<a href="#">Arizona</a>	<input type="checkbox"/>	-100,000		0	0	0	0	<input checked="" type="checkbox"/>		6.968%	<input checked="" type="checkbox"/>	<a href="#">View Details</a>
<a href="#">Arkansas</a>	<input checked="" type="checkbox"/>			0	0	0	0	<input checked="" type="checkbox"/>		Top rate:6.5% of the amount over \$100,000 + \$5,440*	<input checked="" type="checkbox"/>	<a href="#">View Details</a>
<a href="#">California</a>	<input checked="" type="checkbox"/>	0		59,875	9.87	0.408673	0	<input checked="" type="checkbox"/>	\$1,000 gross receipts.	8.84%	<input checked="" type="checkbox"/>	<a href="#">View Details</a>



# 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
	<input type="text"/>	<input type="text"/>	<input type="text" value="All"/>					
	926Transferee 1	<a href="#">VIEW TRANSFERORS(2)</a>	<a href="#">Data Input</a>		<a href="#">Attachments (0)</a>			
	Blackstone LLP	<a href="#">VIEW TRANSFERORS(5)</a>	<a href="#">Data Input</a>		<a href="#">Attachments (0)</a>			
			<a href="#">Data Input</a>		<a href="#">Attachments (1)</a>			
	Bryan Capital	<a href="#">VIEW TRANSFERORS(4)</a>	<a href="#">Data Input</a>		<a href="#">Attachments (0)</a>			
	Bryan Partner Fund	<a href="#">VIEW TRANSFERORS(2)</a>	<a href="#">Data Input</a>		<a href="#">Attachments (0)</a>			

# 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><tr><th>Investment Name</th><th>Amount</th></tr><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></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			
California			100	0		\$1,000 gross receipts	8.84%		✓				
										Investment Name		UBI Amount	Withholding
										Archlight Energy Partners		100	0
										Total:		100	0
Illinois			50	50			9.5%		✓				
										Investment Name		UBI Amount	Withholding
										Archlight Energy Partners		50	50
										Total:		50	50
Massachusetts			400,000	2,000		\$1,000 of UBI	8%						
										Investment Name		UBI Amount	Withholding
										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%						
										Investment Name		UBI Amount	Withholding
										Archlight Energy Partners		25,000	10,000
										Total:		25,000	10,000
		Total:	425,150	12,050									



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# C-TRAC State Module

# State Collection of Data – Apportionment or Allocation

Select a Section K-1 UBI (State)    Diagnostics Investment Summary   


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	CY Credits and Other Payments <small>Click for detail (Check if composite tax paid)</small>	Withholding Statements	Delete
AL <a href="#">(Edit)</a>	<input type="radio"/> Allocable <input type="radio"/> Apportioned <input checked="" type="radio"/> Both		37,151		0 <input type="checkbox"/>	<a href="#">Statements (0)</a>	<a href="#">Delete</a>
AR <a href="#">(Edit)</a>	<input type="radio"/> Allocable <input type="radio"/> Apportioned <input checked="" type="radio"/> Both		7,781		0 <input type="checkbox"/>	<a href="#">Statements (0)</a>	<a href="#">Delete</a>
AZ <a href="#">(Edit)</a>	<input type="radio"/> Allocable <input type="radio"/> Apportioned <input checked="" type="radio"/> Both		17,695		0 <input type="checkbox"/>	<a href="#">Statements (0)</a>	<a href="#">Delete</a>

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

 Update Clear All Fields

**Federal K-1 Amount**  
☐ Taxable Amount  
☒ UBI Amount

**State K-1 UBI Amount**

**Multiply**  
☒ Federal ☐ State

**K-1 Amount by:**  
☐ Profit %  
☐ Loss %  
☐ Capital %  
☐ State UBI % (Enter below)

**Total State Sourced UBI**  
37,151

**Percent of Federal UBI**  
2.8

Update Total UBI

**CALCULATE STATE UBIT**

1 Ordinary business income	-130,184			0
2 Net rental real estate income (loss)	-22,926	-849		-849
3 Other net rental income (loss)	0			0
4 Guaranteed payments	0			0
5 Interest Income	0			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

## State Module

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

Tax year to import data from:

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					
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 BIT-V. 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 screenshot displays the Crowe Horwath C-TRAC State Module interface. On the left is a dark sidebar with navigation links: Alternative Investment Module, Benchmarking 990 Export, Conflict of Interest, Master Compensation, State Module (selected), General Information +, Extension Data Analysis - (with sub-links for Data Grid and Apportionment), State Data Analysis +, States - (with a list of states including Alabama, Alaska, Arizona, Arkansas, California, and Colorado), and a list of states with plus signs. The main content area is titled 'State Module' and contains a form for the 'Alabama Department of Revenue Business Income Tax Payment Voucher' (BIT-V). The form includes a green success message: 'The information was successfully saved.' At the top right of the form are buttons for 'Additional Statements', 'Workpapers', 'Save', and 'View PDF'. The form fields are as follows: Tax Type: BIT; Tax Period: 12/31/2015; Form Type: 20C (selected) and 20CC; Payment Type: Return, Amended, Estimate, and Automatic Extension (selected); FEIN: 12-3456789; AMOUNT PAID: 0; LEGAL NAME: Crowe Horwath Foundation, Inc.; MAILING ADDRESS: 70 W. Madison; CITY: Chicago; STATE: IL; ZIP: 60602. An inset image shows a printed version of the form with the same data populated.

**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  
(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

ADOR

# Benefits

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- 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