

Private Foundation Manager's Administrative Checklist

Recording Minutes

- It is very important to record the activities of the foundation. Examples of instances when Director activity should be recorded are:
 - Corporate investment decisions
 - When the Board decides to make grants
 - Any time the Board authorizes one Director to act on behalf of all of the Directors
 - A change in the Officers or Directors
 - Amending the bylaws
- These records should be kept in the foundation's Book of Minutes

On Anniversary of Formation Date Each Year: Annual Meeting

- Annual Meeting or a Board of Directors Resolution in lieu of a meeting
 - Elect Officers and Directors
 - Review articles of incorporation and bylaws to ensure continued compliance
 - Maintain a minute book of all meetings
- If a special meeting is called, written notice must be given

Every May 15, June 15, September 15, and December 15: Estimated Tax Payments

- The foundation is required to pay $\frac{1}{4}$ of its estimated taxes in quarterly installments throughout the year, with the payments being due on the four dates above (IRC §6655(g)(3))
 - The estimated tax is based on an estimate of the total taxable income
- Estimated tax is paid with IRS Form 8109 (Federal Tax Deposit Coupon)

Within 12 Months after the End of Each Fiscal Year (December 31): Minimum Distributions

- The foundation's accountant will calculate the annual minimum "qualifying distributions" payout based on 5% of net investment assets
 - For example, the 2004 payment would be made in 2005; the accountant will generally provide the Board with estimated 2004 payment amount during 2004, and in 2005 will provide the actual amount due for 2004 (and so forth for subsequent years)

Qualifying Distributions

- The above minimum payouts must be "qualifying distributions," which include:
 - Grants pursuant to the foundation's exempt purposes
 - Payments to acquire assets used to carry out the exempt purposes of the foundation
 - Contributions made to another private foundation that meets certain requirements, mainly that the other foundation be "non-operating" (as a starting point, see www.irs.gov, and search for "Publication 78," which lists charitable organizations)
- A detailed reading of *The Handbook on Private Foundations* by David F. Freeman and the Council on Foundations would be very helpful here, so that you can be familiar with the various types of distributions that are "qualifying"
- If the foundation pays out more than the required minimum, the excess can be carried forward for up to 5 years

May 15 Each Year: Income Tax Return (Can be Extended Twice in 3-Month Increments)

- A private foundation's income tax return is IRS Form 990-PF
 - Keep ALL copies of Form 990-PF because they must be made available for inspection at any time by any person who asks to see them
- A copy of the annual Form 990-PF is filed with the Texas Attorney General
- Identify whether additional filings are required because of certain foundation activities throughout the year (for example, Form 4720 for self-dealing)

Avoiding Penalty Taxes or Revocation of Exempt Status

- Some activities can cause the foundation to be penalized; examples are:
 - Self-dealing, spending funds on a political campaign, or excess business holdings; if the manager has any doubt as to whether an activity may have negative consequences, he or she should consult with the foundation's tax or legal advisors