



Converting a Private Foundation to a Fund at CFCG

Converting a Private Foundation to a fund at the Community Foundation of Central Georgia, Inc. is easy. A private foundation considering this transaction should review its particular circumstances with its own legal and accounting counsel.

FIVE SIMPLE STEPS

- 1. Determine and Satisfy any Current Obligations** — Determine whether the foundation has current tax obligations or restrictions to assets. If so, create a reserve for anticipated expenditures for the conversion process. *If this applies to your Foundation, please see the additional details on page two.*
- 2. Prepare a Fund Agreement** — Work with CFCG staff to prepare a fund agreement that will reflect any purpose or endowment restrictions that will apply to the fund and identify the advisors to the fund.
- 3. Transfer the Assets** — Make a final grant from the Private Foundation to the newly created fund at CFCG.
- 4. Dissolve the Corporation** — Follow the procedure in the Georgia Nonprofit Corporation Code to dissolve the foundation, which may include a vote by the foundation's Board of Directors for dissolution and filing the Intent to Dissolve with the Secretary of State. *See additional details on page two.*
- 5. Prepare a Final Tax Return and Form 990** — Complete the remaining obligations of the foundation, including the preparation of a final Tax Return and Form 990-PF.

See the reverse side for additional details. >>



ADDITIONAL DETAILS

Determine and Satisfy any Current Obligations — Determine whether the foundation has current obligations regarding the following:

- The 1.39% investment income excise tax, unrelated business income taxes, or private foundation penalty taxes. (Note that foundations must make quarterly estimated payments of these taxes.)
- Outstanding grants that are subject to expenditure responsibility (see IRS Form 990-PF, Part VII-B, Line 5c).
- Fees for accountants, lawyers, investment managers, or other service providers.
- Filing of IRS Form 990-PF and related forms with the IRS and state attorney general.

Satisfy all current obligations of the private foundation, and create a reserve for anticipated expenditures through the completion of the conversion process. Identify any restrictions that apply to the foundation's assets. These might include purpose restrictions, endowment restrictions, or restrictions on the distribution of assets upon dissolution. Funds subject to narrow purpose restrictions or dissolution provisions that require distribution to a particular organization may not be good candidates for conversion, unless the restrictions can be eliminated with the donor's consent, an amendment to the foundation's governing documents, or a court order.

Dissolve the Corporation — Follow the procedure in the Georgia Nonprofit Corporation Code to dissolve the foundation, which may include:

- a) A vote by the corporation's Board of Directors proposing dissolution for submission to the members, if there are members entitled to vote thereon.
- b) A vote by the members approving the dissolution.
- c) Filing a Notice of Intent to Dissolve with the Secretary of State and publishing the notice.
- d) When all known obligations of the corporation have been paid or adequate provision made therefor, filing with the Secretary of State Articles of Dissolution.
- e) File a statement with the IRS after all assets have been transferred indicating the private foundation's intent to terminate its private foundation status as the result of a transfer of all of the private foundation's net assets to an organization described in Section 509(a)(1).

4. Prepare a Fund Agreement — Work with CFCG staff to prepare a fund agreement that will spell out the terms of the donor advised fund. This agreement will reflect any purpose or endowment restrictions that will apply to the fund and identify the advisors to the fund.

5. Transfer the Assets — Transfer all of the foundation's assets, except for the reserved funds, to the donor advised fund. This transfer may take the form of a grant to the newly created fund at CFCG.

6. Dissolve the Corporation — Follow the procedure in the Georgia Nonprofit Corporation Code to dissolve the foundation, which may include:

- f) A vote by the corporation's Board of Directors proposing dissolution for submission to the members, if there are members entitled to vote thereon.
- g) A vote by the members approving the dissolution.
- h) Filing a Notice of Intent to Dissolve with the Secretary of State and publishing the notice.
- i) When all known obligations of the corporation have been paid or adequate provision made therefor, filing with the Secretary of State Articles of Dissolution.

7. Prepare a Final Tax Return and Form 990 — Complete the remaining obligations of the foundation, including the preparation of a final Form 990-PF. File a statement with the IRS after all assets have been transferred indicating the private foundation's intent to terminate its private foundation status as the result of a transfer of all of the private foundation's net assets to an organization described in Section 509(a)(1).