

### CONSIDER THE IMPACT OF BIG DECISIONS

During a private foundation's lifetime, directors/trustees, officers and employees regularly face important decisions about the organization's activities that may implicate one or more special tax or other rules applicable to Section 501(c)(3) private foundations.

### WHERE WE CAN HELP

Common examples of decisions that may implicate tax or other rules are provided below. We would be happy to talk with you if you find yourself confronting one of these questions or any similar considerations.

#### GRANTMAKING

- Is the foundation considering making grants:
  - To individuals, non-U.S. organizations, non-charitable organizations, private foundations or supporting organizations?
  - That may be used for advocacy, voter engagement or election activities?
- Has the foundation received tickets or other tangible benefits as a result of a grant?

#### OPERATIONS

- Is the foundation considering:
  - Compensating a "disqualified person"?<sup>1</sup>
  - Sharing space or personnel with a disqualified person?
  - Carrying out—directly or indirectly—any other transaction with a disqualified person?
  - A joint venture with a nonprofit or for-profit entity?
  - Participating in advocacy, voter engagement or election activities?

#### INVESTMENTS

- Is the foundation considering accepting or acquiring, directly or indirectly:
  - A sizable interest in an investment?
  - An investment in which a disqualified person of the foundation will also have an interest?
  - An investment in an operating business?
  - An investment subject to debt?
- Is the foundation considering making an impact or program- or mission-related investment?

#### SIGNIFICANT CHANGES

- Is the foundation considering:
  - Amendments to its articles of incorporation, bylaws, conflict of interest policy or investment policy?
  - Material changes to its purpose or activities?
  - Distributing a substantial portion of its assets, reorganizing or terminating?

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<sup>1</sup> Very generally, disqualified persons of a foundation include (a) substantial contributors; (b) directors, officers and other persons with similar authority; (c) owners of more than 20% of an entity or unincorporated enterprise that is a substantial contributor; (d) a family member of an individual previously described; or (e) an entity or unincorporated enterprise of which more than 35% is owned by individuals or entities previously described.