



COBB COMMUNITY
FOUNDATION

SET UP A FUND TODAY;
BETTER TOMORROW'S **FUTURE.**

Transitioning Your Private Foundation to a Donor Advised Fund

Individuals responsible for private or family foundations often find some of the rules around the foundation's administration inconsistent with their personal objectives. They may want foundation assets to accumulate so that a larger impact can be made in the future as opposed to distributing the required 5% annually. They may want to make decisions regarding grants individually or even anonymously, without the input or scrutiny of other foundation board members or trustees. They may simply want to rid themselves of annual filing requirements.

Internal Revenue Code of the Section 507 allows for the termination of a private foundation by the transfer of its assets to one or more public charities. The private foundation is not required to notify the IRS of its intent to terminate nor does it owe any termination tax provided two conditions are met: any organization to which such transfer is being made must have been in continuous existence for at least five years preceding the transfer and the organization receiving the assets must be public charity. Cobb Community Foundation (CCF) satisfies both requirements.

The mechanics of terminating a private foundation in favor of a donor-advised fund are generally very straightforward.

1. Establish your Giving Fund with (CCF) by completing the Donor Advised Fund Agreement.
2. Once your Donor Advised Fund Agreement has been fully executed by all parties, CCF will provide instructions to transfer the assets of your private foundation.
3. File your final 990-PF for the foundation with the IRS.
4. Terminate the foundation's legal existence as a non-profit corporation or charitable trust according to the applicable state law.

While the steps are simple, you should enlist the assistance of an attorney familiar with this process to ensure that you are operating in compliance with both your foundation's governing document and whichever state law may apply.

Let Cobb Community Foundation help you continue to build on the legacy you have already created and make it a little simpler. Call us at 770-859-2366.

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