How to Terminate a Private Foundation and create a DAF at Triskeles

Internal Revenue Code Section 507 permits the termination of a private foundation and the distribution of its assets to a qualified public charity, such as the Triskeles Foundation, in order to establish a Donor Advised Fund. The Triskeles Foundation welcomes the transfer of private foundation’s assets.

Steps to close a Private Foundation:
If you wish to terminate your private foundation and distribute your assets to Triskeles Foundation, please consider the following steps:

1. Determine whether the/your private foundation has current obligations (any of the following):

   Investment income excise taxes, unrelated business income taxes, or private foundation penalty taxes. (Note that private foundations must make quarterly estimated payments of these taxes.) Outstanding grants that are subject to expenditure responsibility (see IRS Form 990-PF). 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 (or relevant State authority).

2. Pass and sign a corporate resolution in accordance with State law approving and authorizing the termination of the private foundation and distribution of these assets to the Triskeles Foundation.

3. Create a reserve for any anticipated expenditures / obligations through the completion of the termination process. Provide Triskeles Foundation with written documentation of the plan to satisfy any obligations.

4. Note and describe any donor-imposed restrictions that apply to private foundation assets. These might include purpose and/or endowment restrictions. Provide documentation of these restrictions to Triskeles Foundation as appropriate.

5. Work with Triskeles Foundation to prepare a Donor Advised Fund. The fund agreement and its related documents will reflect the purpose and identify the fund advisors, and outline related costs and investment approaches.

6. Submit a letter to the State Office of the Attorney General (or relevant governing authority depending on the State) requesting a waiver to the objections to the transfer of the private foundation’s assets to the Triskeles Foundation.

7. Petition State court, when applicable, to approve the termination of the private foundation and transfer of assets to the Triskeles Foundation.

8. Sign a final Triskeles Foundation fund agreement and transfer all of the private foundation assets, except for any reserved funds (if needed that have been set aside), to the new Donor Advised Fund at the Triskeles Foundation (this transfer may take the form of a grant).

9. Satisfy 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). Please send a copy of the final 990-PF to Triskeles Foundation.

The steps outlined above are a guide provided by Triskeles Foundation. They are not intended to provide legal advice. For assistance please call the Triskeles Foundation at (610) 321-9876 or contact us at www.Triskeles.org.