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Private Foundation Bulletin

2013 Form 990-PF Filing: Draft changes and how they could effect your Foundation's reporting requirements

The Internal Revenue Service ("IRS") has just recently released their draft of the 2013 Form 990-PF instructions. As was the case in prior years, this release comes with a few changes.

One of the more significant changes to be aware of is how grantee recipients are to be classified. In the past, grantees listed on *Part XV, Supplementary Information*, could be classified as a Public Charity, Private Foundation, For-Profit, Government Entity, etc.

Starting with the 2013 Form 990-PF, the IRS has developed specific codes with the goal of clarifying the status of recipients and creating uniformity. Below is a full listing of the codes that your Foundation will need to become familiar with.

Foundation Status of Recipient

- PC – public charity
- NC – non-charity
- PF – private non-operating foundation
- EOF – exempt operating foundation
- POF – private operating foundation other than an EOF
- SO-DP – type I, type II, or type III functionally integrated supporting organization if a disqualified person of the private foundation controls the supporting organization or a supported organization
- SO I – type I supporting organization
- SO II – type 2 supporting organization
- SO III FI – functionally integrated type III supporting organization
- SO III NF – non-functionally integrated type III supporting organization
- TPS – testing for public safety organization

The rules used to determine whether a grantee is a type I, type II, or type III functionally integrated, or type III non-functionally integrated supporting organization can be quite complex. Treasury Regulation 1.509(a)-4, Notice 2006-109 and Rev. Proc. 2009-32 provides detailed guidance.

It is essential when performing grantee due diligence that your Foundation obtains a clear understanding regarding the organizational status of potential grantees. One way of accomplishing this is to require potential grantees to provide their most recent IRS determination letter as part of your due diligence process. Additionally, there are various service providers available as a resource in verifying the organizational status of potential grantees.

Stay tuned for updates on the finalization of the 2013 instructions. If you have any questions about the topic covered above or any of the other changes that have occurred to the 2013 Form 990-PF please contact Thomas F. Blaney, CPA

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