



WHAT IS A PRIVATE FOUNDATION ALTERNATIVE FUND?

A Private Foundation Alternative Fund allows you to facilitate your family's charitable activities without the administrative hassles and management burden of a traditional family foundation. As a Supporting Organization to CCF, this entity would have tax-exempt status as a public charity with a separate identity and its own mission and board of directors.

WHO SHOULD CONSIDER A PRIVATE FOUNDATION ALTERNATIVE FUND?

Donors who are looking for a simplified, more efficient alternative to a private family foundation. This fund has many of the attributes of a private family foundation without the administrative and management burdens and IRS requirements. It also comes with the personalized services and expertise that CCF offers all fundholders.

at a glance

Private Foundation Alternative Fund

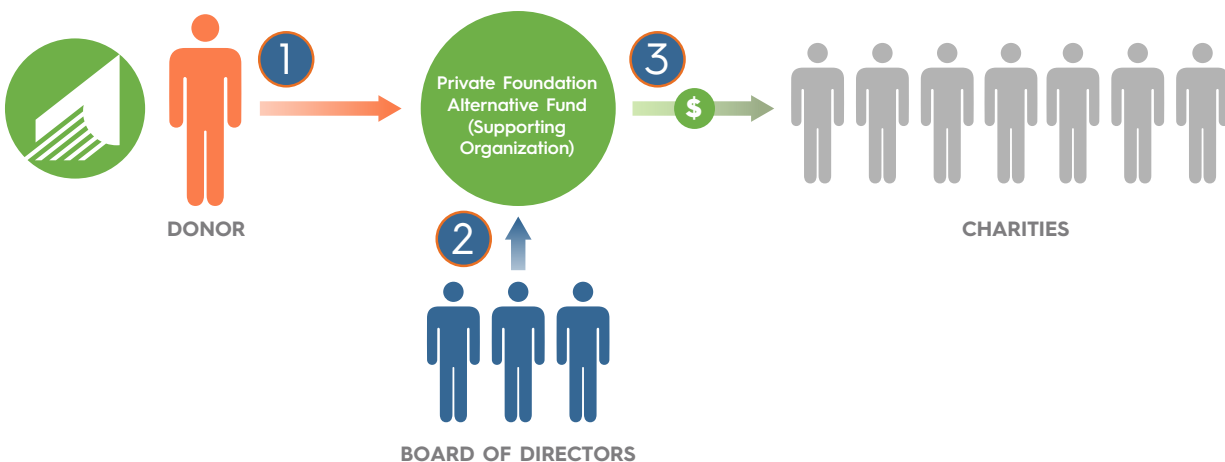
- Offers a simpler, more efficient alternative to a private foundation that eliminates administrative and management burdens
- Free from mandated distribution requirements of private foundations
- Established as a Supporting Organization to CCF
- Enjoy better tax benefits
- Minimum to establish: \$3 million

WHAT ARE THE BENEFITS OF A PRIVATE FOUNDATION ALTERNATIVE FUND?

- CCF provides full administrative and management support for the fund, including accounting and filing of all required reports, annual tax returns and audits
- CCF assists in creating your grantmaking mission or focus, structuring grant applications and the review process, evaluating grants made and publicizing its activities
- Receive a higher tax deduction for various assets compared with a private foundation
- CCF's team of experts helps identify grantees and ensure that recipients are qualified and effective
- Maintenance costs are typically lower than a private foundation
- Choose to pool the fund's assets with CCF's own assets or have a separately managed investment account, called a ChAMP, working with your own investment managers
- This fund does not have any mandated distribution requirements – whereas private foundations are required by law to distribute at least 5 percent of net asset value annually
- You can give complex assets at fair market value (e.g., real estate, closely-held stock, etc.)
- Opportunity to name the organization in honor of the donor(s), a family member, a friend or an organization (e.g., the Julie Chen Family Foundation)
- Ability to give anonymously
- Involve family in your giving throughout the generations

HOW DOES A PRIVATE FOUNDATION ALTERNATIVE FUND WORK?

- 1 Establish** – Donors express interest in starting a Private Foundation Alternative Fund. CCF handles the legal work to set up the fund, including filing for public charity status, establishing bylaws and articles of incorporation and working with the donors to create the fund's mission.
- 2 Create** – CCF helps the donors create a board of directors and structures the fund's grant application and review process.
- 3 Review and grant** – The fund's board of directors reviews applications and recommends grants. CCF distributes grants to eligible nonprofits.



WHAT ARE THE TAX ADVANTAGES OF A PRIVATE FOUNDATION ALTERNATIVE FUND?

- More favorable income tax deductions on contributions compared with a private foundation
- Receive a tax deduction in the year the contribution is made
- Avoid punitive estate and gift taxes on gifts that you make to CCF
- Avoid costly capital gains taxes while realizing the maximum tax deductibility of your donation with a gift of real estate, closely-held stock or other complex assets

WHAT SERVICES DOES CCF PROVIDE WITH THIS FUND? GOVERNANCE

- Board meeting management
- Scheduling annual meeting
- Maintaining board member roster
- Recording and circulating meeting minutes
- Preparing and retaining board meeting materials
- Collecting annual conflict of interest policy
- Any filing including State of California, Attorney General and the IRS

ADMINISTRATIVE SERVICES

- Meeting space
- Directors and officers insurance

GRANTMAKING AND DONOR SERVICES

- Assist in preparation of grantmaking guidelines
- Grants due diligence and processing
- Preparation of grant award letters
- Preparation and mailing of grant checks
- Grants tracking
- Opportunities to partner with CCF and other major Los Angeles funders on grantmaking projects

FINANCIAL AND GIFTING SERVICES

- Quarterly financial statements
- Investment performance monitoring
- Financial and asset management
- Preparation of annual IRS Form 990
- Inclusion in CCF's annual audit
- Assistance in accepting and liquidating planned gifts
- Ability to accept and manage gifts of complex assets

CONSIDERATIONS

As this fund is legally a separate organization, the fund has a separate 501(c)(3) tax status. No compensation can be paid to the donor or related parties.

WHAT ARE THE MINIMUMS AND FEES?

A Private Foundation Alternative Fund may be opened with \$3 million. Additional contributions can be made at any time thereafter.

Administrative fees are assessed quarterly (with an annual minimum of \$12,500). Investment management and consulting fees related to the foundation's investment pools are charged separately. Additional fees may be charged for any mutually agreed-upon extraordinary legal, banking or other services rendered on behalf of a fund.

FUND ASSETS	ADMINISTRATIVE FEE STRUCTURE*
\$3 MILLION OR LESS	1.25% OF ASSETS
OVER \$3 MILLION AND UP TO \$5 MILLION	0.75% OF ASSETS
OVER \$5 MILLION AND UP TO \$20 MILLION	0.50% OF ASSETS
OVER \$20 MILLION AND UP TO \$100 MILLION	0.15% OF ASSETS
\$100 MILLION OR MORE	0.05% OF ASSETS

*Fees are assessed quarterly (minimum \$12,500 per year)

To establish a **Private Foundation Alternative Fund**, contact Vice President of Development & Donor Relations Teresa Mosqueda at tmosqueda@calfund.org or (213) 452-6298.

IMPORTANT LEGAL DISCLOSURE

The information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice.

The California Community Foundation does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation's board of directors.

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