

# Supporting Organization - A Private Foundation Alternative



## What Is a Supporting Organization?

A Supporting Organization is an alternative to a private foundation for philanthropically-minded individuals and families. As a supporting organization to EBCF, 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 Supporting Organization?

For individuals interested in starting their own foundation without the legal, financial and administrative burden, a Supporting Organization is an ideal solution with even greater tax advantages than a private foundation.

## How Does a Supporting Organization Work?

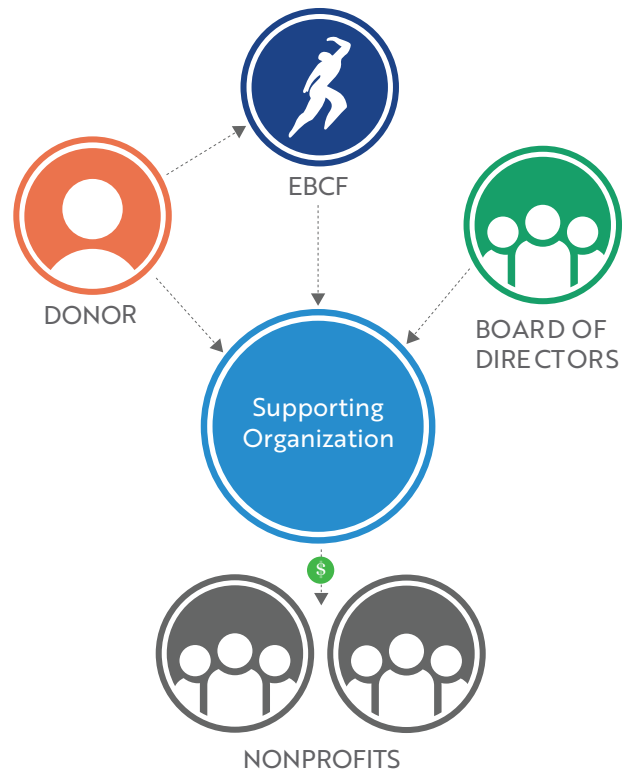
- 1 Give:** Establish a Supporting Organization with a gift of \$5M or more. A Supporting Organization is a distinct charitable entity that operates under the umbrella of the East Bay Community Foundation.
- 2 Invest:** Your fund assets can grow tax free in pooled, professionally managed portfolios. You may use your own qualified investment advisor who may manage the charitable assets.
- 3 Establish:** Develop your board of directors and mission statement with support from EBCF expert staff. EBCF handles all the legal filing, establishment of bylaws and articles of incorporation.

## At a Glance

### Supporting Organization Fund

- » Simpler, more cost and administratively efficient alternative to a private foundation
- » We manage the administrative and management burdens
- » No required minimum distribution nor public support test
- » Greater tax benefits

- 4 Grant:** The Fund's board recommends grants; EBCF takes care of grant distribution and monitoring, annual audit and tax filing, accounting and investment oversight, and reporting.



## What Are the Benefits of a Supporting Organization?

- EBCF provides full administrative and management support for the fund, including accounting and filing of all required reports, annual tax returns, and audits.
- EBCF 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.
- EBCF'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 EBCF's own assets, or have a separately managed investment account.
- This fund does not have any mandated distribution requirements – whereas private foundations are required by law to distribute at least 5% of net asset value annually.
- You can give complex assets at fair market value (e.g., real estate, closely-held stock, etc.) upon board approval.
- Opportunity to name the organization in honor of the donor(s), a family member, a friend, or an organization.
- Ability to give anonymously.
- Involve family in your giving across generations.

## What Are the Tax Advantages of a Supporting Organization?

- Higher income tax deductions than a private foundation.
- Avoid capital gains with gifts of appreciated assets to the Supporting Organization.

## What Are the Account Minimums and Fee Calculations?

A Supporting Organization may be opened with a minimum of \$5,000,000. Additional contributions may be made at any time thereafter.

Administrative fees are assessed quarterly and are generally 1.5% of the assets in the fund.

Administrative fees charged to funds cover general operating costs for gift establishment, receipt of assets and contributions, grants and fund administration, and EBCF's other charitable purposes. Investment management fees related to the foundation's investment pools are also charged.

Additional fees may be charged or mutually agreed upon for other services rendered on behalf of a fund.

**To establish a SUPPORTING ORGANIZATION, contact the Development Department at (510) 836-3223 or email [development@eastbaycf.org](mailto:development@eastbaycf.org).**