

2013

Instructions for Form 990-PF

**Return of Private Foundation or Section
4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

Volume 1 of 3



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Section references are to the Internal Revenue Code unless otherwise noted.

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Future Developments

For the latest information about developments related to Form 990-PF and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form990pf.

What's New

2013 Significant Changes

1. In the *General Instructions*, significant revisions have been made to *Part B. Which Parts to Complete*, and *Parts U* and *V* (relating to section 507(b) (1)(B) terminations).
2. *Completing the Heading*, Item G, instructions provide guidance for former publicly supported organizations filing their first return as a private foundation.
3. *Part VII-A, Statements Regarding Activities*, line 11 instructions require attachments to state whether

controlled entities are excess business holdings.

4. *Part IX-B, Summary of Program Related Investments*, instructions clarify the reporting of program-related investments.
5. *Part XV, Supplementary Information*, line 3 instructions set forth codes to use for foundation status of recipients, and clarify circumstances under which grants are reported.

Reminders

If you are filing Form 990-PF because you no longer meet a public support test under section 509(a)(1) and you have not previously filed Form 990-PF, check *Initial return of a former public charity* in Item G of the Heading section on page 1 of your return. Before filing Form 990-PF for the first time, you may want to go to www.irs.gov/eo for the latest information and filing tips to confirm you are no longer a publicly supported organization.

Most tax-exempt organizations, other than churches, are required to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form 990-N e-Postcard to the IRS. If an organization fails to file an annual return or notice as required for 3 consecutive years, it will automatically lose its tax-exempt status. See *General Instruction M*.

Do not include Social Security numbers on publicly disclosed forms. Because the IRS is required to publicly disclose the organization's annual information returns, Social Security numbers should not be included on this form. Documents subject to disclosure include schedules and attachments filed with the form.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these

children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Phone Help

If you have questions and/or need help completing this form, please call 1-877-829-5500. This toll-free telephone service is available Monday through Friday.

IRS e-Services Makes Taxes Easier

Now more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make taxes easier.

- You can *e-file* your Form 990-PF, Form 940 and 941 employment tax returns, and Forms 1099 and other information returns. Visit www.irs.gov/efile for details.
- You can pay taxes online or by phone using the free Electronic Federal Tax

Payment System (EFTPS). Visit www.eftps.gov or call 1-800-555-4477 for details. Electronic Funds Withdrawal (EFW) from a checking or savings account is also available to those who file electronically.

General Instructions

Purpose of form. Form 990-PF is used:

- To figure the tax based on investment income, and
- To report charitable distributions and activities.

Also, Form 990-PF serves as a substitute for the section 4947(a)(1) nonexempt charitable trust's income tax return, Form 1041, U.S. Income Tax Return for Estates and Trusts, when the trust has no taxable income.

A. Who Must File

Form 990-PF is an annual information return that must be filed by:

- Exempt private foundations (section 6033(a), (b), and (c)),
- Taxable private foundations (section 6033(d)),
- Organizations that agree to private foundation status and whose applications for exempt status are pending on the due date for filing Form 990-PF,
- Organizations that made an election under section 41(e)(6),
- Foundations that are making a section 507 termination, and
- Section 4947(a)(1) nonexempt charitable trusts treated as private foundations (section 6033(d)).



Include on the foundation's return the financial and other information of any disregarded entity owned by the foundation. See Regulations sections 301.7701-1 through 3 for information on the classification of certain business organizations including an eligible entity that is disregarded

as an entity separate from its owner (disregarded entity).

Other section 4947(a)(1) nonexempt charitable trusts. Section 4947(a)(1) nonexempt charitable trusts not treated as private foundations do not file Form 990-PF. However, they may need to file Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax. With either of these forms, the trust must also file Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support. See Form 990 and Form 990-EZ instructions.

B. Which Parts To Complete

See the chart showing which parts of the form must be completed, later.

How to avoid filing an incomplete return.

- Complete all applicable line items,
- Answer "Yes," "No," or "N/A" (not applicable) to each question on the return,

- Make an entry (including a zero when appropriate) on all total lines, and
- Enter “None” or “N/A” if an entire part does not apply.

Sequencing Chart To Complete the Form

You may find the following chart helpful. It limits jumping from one part of the form to another to compute an amount needed to complete an earlier part. If you complete the parts in the listed order below, any information you may need from another part will already be entered.

Step	Part	Step	Part
1	IV	8.	XII, lines 1–4
2	I & II	9.	V & VI
3	Heading	10	XII, lines 5–6
4	III	11	XI
5	VII-A	12	XIII
6	VIII	13	VII-B
7	IX-A – X	14	XIV – XVII

C. Definitions

1. A private foundation is a domestic or foreign organization exempt from income tax under section 501(a), described in section 501(c)(3), and is other than an organization described in sections 509(a)(1) through (4).

In general, churches, hospitals, schools, and broadly publicly supported organizations are excluded from private foundation status by these sections. These organizations may be required to file Form 990 or Form 990-EZ instead of Form 990-PF.

2. A nonexempt charitable trust treated as a private foundation is a trust that is not exempt from tax under section 501(a) and all of the unexpired interests of which are devoted to religious, charitable, or other purposes described in section 170(c)(2)(B), and for which a deduction was allowed under a section of the Code listed in section 4947(a)(1).

3. A taxable private foundation is an organization that is no longer exempt under section 501(a) as an organization described in section 501(c)(3). Though it may operate as a taxable entity, it will continue to be treated as a private foundation until that status is terminated under section 507.
4. A private operating foundation is an organization that is described under section 4942(j)(3) or (5). It means any private foundation that spends at least 85% of the smaller of its adjusted net income (figured in Part I) or its minimum investment return (figured in Part X) directly for the active conduct of the exempt purpose or functions for which the foundation is organized and operated and that also meets the assets test, the endowment test, or the support test (discussed in Part XIV).

5. A nonoperating private foundation is a private foundation that is not a private operating foundation.
6. A foundation manager is an officer, director, or trustee of a foundation, or an individual who has powers similar to those of officers, directors, or trustees. In the case of any act or failure to act, the term "foundation manager" may also include employees of the foundation who have the authority to act.
7. A disqualified person is any of the following.

B. Which Parts To Complete

Some parts of the form listed below do not apply to some filers. See *How to avoid filing an incomplete return*, earlier, for information on what to do if a part or an item does not apply.

Part of Form 990-PF	Foundations which must complete this part:
Heading	All
Part I (analysis of revenues and expenses), columns (a) (revenue and expenses per books) and (d) (disbursements for charitable purposes)	All
Part I (analysis of revenues and expenses), column (b) (net investment income)	All except (1) foreign taxable foundations and (2) foreign nonexempt charitable trusts; foreign 501(c)(3) foundations need not complete line 7 (capital gain net income) or expense lines
Part I (analysis of revenues and expenses), column (c) (adjusted net income)	Only foundations claiming operating foundation status, foundations (not described in section 4948(b)) that derive income from a charitable activity and claim a qualifying distribution for net losses from the activity, and domestic 501(c)(3) foundations that maintain a common fund as described in section 170(b)(1)(F)(iii)
Part II (balance sheets) columns (a) and (b) (beginning and end-of-year book value)	All
Part II (balance sheets), column (c) (end-of-year fair market value)	All foundations with at least \$5,000 in assets per books at some time during tax year; other foundations complete only line 16
Part III (analysis of changes in net assets or fund balances)	All
Part IV (capital gains and losses for tax on investment income)	All except foreign foundations; line 3 must be completed only by foundations that must complete Part I, column (c)
Part V (qualification under section 4940(e) for reduced tax on investment income)	All domestic foundations that claim the 1% tax rate on net investment income under section 4940(e)
Part VI (excise tax based on investment income)	All except (1) organizations electing private foundation status under section 41(e)(6)(D), (2) foreign taxable foundations, and (3) foreign nonexempt charitable trusts
Part VII-A (statements regarding activities)	All; foreign foundations described in section 4948(b) need not complete lines 6 and 8, and in line 10 foreign foundations do not list persons who are not U.S. citizens
Part VII-B (statements regarding activities for which Form 4720 may be required)	All; foreign foundations described in section 4948(b) need not complete line 2
Part VIII (information about officers, directors, trustees, foundation managers, highly paid employees, and contractors)	All
Part IX-A (summary of direct charitable activities)	All
Part IX-B (summary of program-related investments)	All
Part X (minimum investment return)	All except foreign foundations described in section 4948(b) and not claiming operating foundation status
Part XI (distributable amount)	All except (1) foreign foundations described in section 4948(b) and (2) foundations claiming operating foundation status
Part XII (qualifying distributions)	All except foreign foundations described in section 4948(b) not claiming operating foundation status
Part XIII (undistributed income)	All except foreign foundations described in section 4948(b); if the foundation claims operating foundation status for any of the years shown in Part XIII, it does not complete those portions of Part XIII that apply to those years
Part XIV (private operating foundations)	Only foundations claiming operating foundation status
Part XV (supplementary information)	All except (1) foundations with less than \$5000 of assets per books at all times during tax year and (2) foreign foundations described in section 4948(b)
Part XVI-A (analysis of income-producing activities)	All
Part XVI-B (relationship of activities to the accomplishment of exempt purposes)	All
Part XVII (information regarding transfers to and transactions with noncharitable exempt organizations)	All
Signature block	All

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- a. A substantial contributor (see instructions for Part VII-A, line 10, later).
- b. A foundation manager.
- c. A person who owns more than 20% of a corporation, partnership, trust, or unincorporated enterprise that is itself a substantial contributor.
- d. A family member of an individual described in a, b, or c above.
- e. A corporation, partnership, trust, or estate in which persons described in a, b, c, or d above own a total beneficial interest of more than 35%.
- f. For purposes of section 4941 (self-dealing), a disqualified person also includes certain government officials. (See section 4946(c) and the related regulations.)

- g. For purposes of section 4943 (excess business holdings), a disqualified person also includes:
 - i. A private foundation effectively controlled (directly or indirectly) by the same persons who control the private foundation in question, or
 - ii. A private foundation to which substantially all contributions were made (directly or indirectly) by one or more of the persons described in a, b, and c above, or members of their families, within the meaning of section 4946(d).
- h. An organization is controlled by a foundation or by one or more disqualified persons with respect to the foundation if any of these persons may, by combining their votes or positions of authority, require the organization to make an expenditure or prevent the organization from making an expenditure, regardless of the method of control. "Control" is determined regardless of how the

foundation requires the contribution to be used.

D. Other Forms You May Need To File

- Form W-2, Wage and Tax Statement. Form W-3, Transmittal of Wage and
- Tax Statements. Form 940, Employer's Annual Federal
- Unemployment (FUTA) Tax Return. Form 941, Employer's Quarterly
- Federal Tax Return.

These forms are used to report social security, Medicare, and income taxes withheld by an employer and social security and Medicare taxes paid by an employer.

If income, social security, and Medicare taxes that must be withheld are not withheld or are not paid to the IRS, a trust fund recovery penalty may apply. The penalty is 100% of such unpaid taxes.

This penalty may be imposed on all persons (including volunteers, see below) whom the IRS determines to be responsible for collecting, accounting for, and paying over these taxes, and who willfully did not do so.

This penalty does not apply to any volunteer, unpaid member of any board of trustees or directors of a tax-exempt organization, if this member:

- Is solely serving in an honorary capacity,
- Does not participate in the day-to-day or financial activities of the organization, and
- Does not have actual knowledge of the failure to collect, account for, and pay over these taxes.

Form 990-T, Exempt Organization Business Income Tax Return. Every organization exempt from income tax under section 501(a) with total gross income of \$1,000 or more from all trades or businesses unrelated to the organization's exempt purpose must file Form 990-T. The form is also used by tax-exempt organizations to report other additional taxes including the

additional tax figured in Part IV of Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations (and on Investment Income for Private Foundations). Use of this form is optional. It is provided only to aid you in determining your tax liability.

Form 1041, U.S. Income Tax Return for Estates and Trusts. Required of section 4947(a)(1) nonexempt charitable trusts that also file Form 990-PF. However, if the trust does not have any taxable income under the income tax provisions (subtitle A of the Code), it may use the filing of Form 990-PF to satisfy its Form 1041 filing requirement under section 6012. If this condition is met, check the box on line 15, Part VII-A, of Form 990-PF and do not file Form 1041.

Form 1041-ES, Estimated Income Tax for Estates and Trusts. Used to make estimated tax payments.

Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Used to transmit Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS. Do not use it to transmit electronically.

Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes.

Information return for reporting contributions of qualified motor vehicles, boats, and airplanes from donors.

Forms 1099-INT, MISC, OID, and R.

Information returns for reporting certain interest; miscellaneous income (for example, payments to providers of health and medical services, miscellaneous income payments, and nonemployee compensation); original issue discount; and distributions from retirement or profit-sharing plans, IRAs, SEPs or SIMPLEs, and insurance contracts.

Form 1120, U.S. Corporation Income Tax Return. Filed by nonexempt taxable private foundations that have taxable income under the income tax provisions (subtitle A of the Code). Form 990-PF is also filed by these taxable foundations.

Form 1120-POL, U.S. Income Tax Re-turn for Certain Political Organizations.

Section 501(c) organizations must file Form 1120-POL if they are treated as having political organization taxable income under section 527(f)(1).

Form 1128, Application To Adopt, Change, or Retain a Tax Year. Form 1128 is used to request approval from the IRS to change a tax year or to adopt or retain a certain tax year.

Form 2220, Underpayment of Estimated Tax by Corporations. Form 2220 is used by corporations and trusts filing Form 990-PF to see if the foundation owes a penalty and to figure the amount of the penalty. Generally, the foundation is not required to file this form because the IRS can figure the amount of any penalty and bill the foundation for it. However, complete and attach Form 2220 even if the foundation does not owe the penalty if:

- The annualized income or the adjusted seasonal installment method is used, or

- The foundation is a “large organization,” (see *General Instruction O*) computing its first required installment based on the prior year's tax. If Form 2220 is attached, check the box on Form 990-PF, Part VI, line 8 and enter the amount of any penalty on this line.

Form 4506, Request for Copy of Tax Return. Used by the organization or designated third party to get a complete copy of the organization's return.

Form 4506-A, Request for Public Inspection or Copy of Exempt or Political Organization IRS Form. Used to inspect or request a copy of an exempt or political organization's return, report, notice, or exemption application by the public or the organization.

Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code. Is primarily used to determine the excise taxes imposed on:

- Acts of self-dealing between private foundations and disqualified persons,

- Failure to distribute income,
- Excess business holdings,
- Investments that jeopardize the foundation's charitable purposes,
- Making political or other non-charitable expenditures, and
- Prohibited tax shelter transactions.

Form 5500, Annual Return/Report of Employee Benefit Plan. Is used to report information concerning employee benefit plans and Direct Filing Entities.

Form 8282, Donee Information Return. Required of the donee of “charitable deduction property” that sells, exchanges, or otherwise disposes of the property within 3 years after the date it received the property. Also required of any successor donee that disposes of charitable deduction property within 3 years after the date the donor gave the property to the original donee. It does not matter who gave the property to the successor donee. It may have been the original donee or another successor donee.

For successor donees, the form must be filed only for any property that was transferred by the original donee after July 5, 1988.

Form 8275, Disclosure Statement.

Taxpayers and tax return preparers should attach this form to Form 990-PF to disclose items or positions (except those contrary to a regulation—see *Form 8275-R* below) that are not otherwise adequately disclosed on the tax return. The disclosure is made to avoid parts of the accuracy-related penalty imposed for disregard of rules or substantial understatement of tax. Form 8275 is also used for disclosures relating to preparer penalties for understatements due to unrealistic positions or for willful or reckless conduct.

Form 8275-R, Regulation Disclosure Statement. Use this form to disclose any item on a tax return for which a position has been taken that is contrary to Treasury regulations.

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. Used to report cash amounts in

excess of \$10,000 received in a single transaction (or in two or more related transactions) in the course of a trade or business (as defined in section 162).

Form 8822-B, Change of Address or Responsible Party—Business. Used by taxpayers to notify the IRS of changes in business mailing address, business location, or responsible party.

Form 8868, Application for Extension of Time To File an Exempt Organization Return. Used by an exempt organization to request an automatic 3-month extension of time to file its return and also to apply for an additional (not automatic) 3-month extension if necessary.

Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts. Used to identify those personal benefit contracts for which funds were transferred to the organization, directly or indirectly, as well as the transferors and beneficiaries of those contracts.

Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction. Used by an exempt organization to disclose whether it was a party to a prohibited tax shelter transaction.

Form 8899, Notice of Income from Donated Intellectual Property. Used to report income from qualified intellectual property.

E. Useful Publications

The following publications may be helpful in preparing Form 990-PF:

- Pub. 525, Taxable and Nontaxable Income,
- Pub. 583, Starting a Business and Keeping Records,
- Pub. 598, Tax on Unrelated Business Income of Exempt Organizations,
- Pub. 910, IRS Guide to Free Tax Services,
- Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements, and

- Pub. 3833, Disaster Relief, Providing Assistance Through Charitable Organizations.

Publications and forms are available at no charge through IRS offices or by calling 1-800-TAX-FORM (1-800-829-3676).

F. Use of Form 990-PF To Satisfy State Reporting Requirements

Some states and local government units will accept a copy of Form 990-PF and required attachments instead of all or part of their own financial report forms.

If the organization plans to use Form 990-PF to satisfy state or local filing requirements, such as those from state charitable solicitation acts, note the following.

Determine state filing requirements.

Consult the appropriate officials of all states and other jurisdictions in which the organization does business to determine their specific filing requirements. "Doing business"

in a jurisdiction may include any of the following:

- Soliciting contributions or grants by mail or otherwise from individuals, businesses, or other charitable organizations;
- Conducting programs; Having employees within that
- jurisdiction; or
- Maintaining a checking account or owning or renting property there.

Monetary tests may differ. Some or all of the dollar limitations that apply to Form 990-PF when filed with the IRS may not apply when using Form 990-PF instead of state or local report forms. IRS dollar limitations that may not meet some state requirements are the \$5,000 total assets minimum that requires completion of Part II, column (c), and Part XV; and the \$50,000 minimum for listing the highest paid employees and for listing professional fees in Part VIII.

Additional information may be required. State and local filing requirements may

require attaching to Form 990-PF one or more of the following:

- Additional financial statements, such as a complete analysis of functional expenses or a statement of changes in net assets;
- Notes to financial statements;
- Additional financial schedules;
- A report on the financial statements by an independent accountant; and
- Answers to additional questions and other information.

Each jurisdiction may require the additional material to be presented on forms they provide. The additional material does not have to be submitted with the Form 990-PF filed with the IRS.

If required information is not provided to a state, the organization may be asked by the state to provide it or to submit an amended return even if the Form 990-PF is accepted by the IRS as complete.

Amended returns. If the organization submits supplemental information or files an amended Form 990-PF with the IRS, it must also include a copy of the information or amended return to any state with which it filed a copy of Form 990-PF.

Method of accounting. Many states require that all amounts be reported based on the accrual method of accounting.

Time for filing may differ. The time for filing Form 990-PF with the IRS may differ from the time for filing state reports.

G. Furnishing Copies of Form 990-PF to State Officials

The foundation managers must furnish a copy of Form 990-PF and Form 4720 (if applicable) to the Attorney General of:

- Each state required to be listed in Part VII-A, line 8a;
- The state in which the foundation's principal office is located; and

- The state in which the foundation was incorporated or created.

A copy of the annual return must be sent to the Attorney General at the same time the annual return is filed with the IRS.

Other requirements. If the Attorney General or other appropriate state official of any state requests a copy of the annual return, the foundation managers must comply with the request.

Exceptions. These rules do not apply to any foreign foundation which, from the date of its creation, has received at least 85% of its support (excluding gross investment income) from sources outside the United States. See *General Instruction S* for other exceptions that affect this type of organization.

Coordination with state reporting requirements. If the foundation managers submit a copy of Form 990-PF and Form 4720 (if applicable) to a state Attorney General to satisfy a state reporting requirement, they do not have to furnish a second copy to that Attorney General to comply with the Internal

Revenue Code requirements discussed in this section.

If there is a state reporting requirement to file a copy of Form 990-PF with a state official other than the Attorney General (for instance, the Secretary of State), then the foundation managers must also send a copy of the Form 990-PF and Form 4720 (if applicable) to the Attorney General of that state.

H. Accounting Period

File the 2013 return for the calendar year 2013 or fiscal year beginning in 2013. If the return is for a fiscal year, fill in the tax year space at the top of the return.

The return must be filed on the basis of the established annual accounting period of the organization. If the organization has no established accounting period, the return should be on the calendar-year basis.

For initial or final returns or a change in accounting period, the 2013 form may also be used as the return for a short period (less

than 12 months) ending November 30, 2013, or earlier.

In general, to change its accounting period, the organization must file Form 990-PF by the due date for the short period resulting from the change. At the top of this short period return, write "Change of Accounting Period."

If the organization changed its accounting period within the 10-calendar-year period that includes the beginning of the short period, and it had a Form 990-PF filing requirement at any time during that 10-year period, it must also attach Form 1128 to the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

I. Accounting Methods

Generally, you should report the financial information requested on the basis of the accounting method the foundation regularly uses to keep its books and records.

Exception. Complete Part I, column (d) on the cash receipts and disbursements method of accounting.

J. When, Where, and How To File

This return must be filed by the 15th day of the 5th month following the close of the foundation's accounting period. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. If the return is filed late, see *General Instruction M*.

In case of a complete liquidation, dissolution, or termination, file the return by the 15th day of the 5th month following complete liquidation, dissolution, or termination.

To file the return, mail or deliver it to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201–0027

If the organization's principal business, office or agency is located in a foreign country or U.S. possession, mail or deliver the return to:

Internal Revenue Service Center
P.O. Box 409101
Ogden, UT 84409

Private delivery services. You can use certain private delivery services designated

by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air AM, UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address. Private delivery services deliver to:

Internal Revenue Submission
Processing Center
1973 Rulon White Blvd.
Ogden, UT 84404

Electronic Filing

The foundation can file its Form 990-PF electronically. However, if the foundation files at least 250 returns during the calendar year, it must file Form 990-PF electronically. If the foundation must file a return electronically but does not, the organization is considered to have not filed its return. See Regulations section 301.6033-4 for more information. For additional information on the electronic filing requirement, visit www.irs.gov/efile.



The IRS may waive the requirements to file electronically in cases of undue hardship. For more information on filing a waiver, see Notice 2010-13, 2010-4 I.R.B. 327, available at http://www.irs.gov/irb/2010-04_IRB/ar14.html.

K. Extension of Time To File

A foundation uses Form 8868 to request an extension of time to file its return.

An automatic 3-month extension will be granted if you properly complete this form, file it, and pay any balance due by the due date for Form 990-PF.

If more time is needed, Form 8868 is also used to request an additional extension of up to 3 months. However, these extensions are not automatically granted. To obtain this additional extension of time to file, you must show reasonable cause for the additional time requested.

L. Amended Return

To change the organization's return for any year, file an amended return, including attachments, with the correct information.

The amended return must provide all the information required by the form and instructions, not just the new or corrected information. Check "Amended Return" in Item

G at the top of page 1. See the instructions for Part VI, line 9, later.

If the organization files an amended return to claim a refund of tax paid under section 4940 or 4948, it must file the amended return within 3 years after the date the original return was filed, or within 2 years from the date the tax was paid, whichever date is later.

State reporting requirements. See *Amended returns under General Instruction F*, earlier.

Need a copy of an old return or form? Use Form 4506 to obtain a copy of a previously filed return. You can obtain blank forms for prior years by calling 1-800-TAX-FORM (1-800-829-3676).

M. Penalty for Failure To File Timely, Completely, or Correctly

To avoid filing an incomplete return or having to respond to requests for missing information, see *General Instruction B*, earlier.

Against the organization. If an organization does not file timely and completely, or does not furnish the correct information, it must pay \$20 for each day the failure continues (\$100 a day if it is a large organization), unless it can show that the failure was due to reasonable cause. Those filing late (after the due date, including extensions) must attach an explanation to the return. The maximum penalty for each return will not exceed the smaller of \$10,000 (\$50,000 for a large organization) or 5% of the gross receipts of the organization for the year.

Large organization. A large organization is one that has gross receipts exceeding \$1 million for the tax year.

Gross receipts. Gross receipts means the gross amount received during the foundation's annual accounting period from all sources without reduction for any costs or expenses.

To figure the foundation's gross receipts, complete the following:

1. Part I, line 12, column (a);
2. Add lines 6b and 10b; and
3. Subtract line 6a.

Against the responsible person. The IRS will make written demand that the delinquent return be filed or the information furnished within a reasonable time after the mailing of the notice of the demand. The person failing to comply with the demand on or before the date specified will have to pay \$10 for each day the failure continues, unless there is reasonable cause. The maximum penalty imposed on all persons for any one return is \$5,000. If more than one person is liable for any failures, all such persons are jointly and severally liable for such failures. See section 6652(c) for further information.

Other penalties. Because this return also satisfies the filing requirements of a tax return under section 6011 for the tax on investment income imposed by section 4940 (or 4948 if an exempt foreign organization),

the penalties imposed by section 6651 for not filing a return (without reasonable cause) also apply.

There are also criminal penalties for willful failure to file and for filing fraudulent returns and statements. See sections 7203, 7206, and 7207.

Most tax-exempt organizations, other than churches, are required to file an annual Form 990, 990-EZ, 990-PF, or 990-N *e-Postcard* with the IRS. If an organization fails to file an annual return or notice for three consecutive years, it will automatically lose its tax-exempt status. In 2011, automatic revocations started for organizations not filing for the third consecutive year. A private foundation that loses its exemption must file income tax returns and pay income taxes and must file Form 990-PF as a taxable private foundation. For details, go to www.irs.gov/eo.

N. Penalties for Not Paying Tax on Time

There is a penalty for not paying tax when due (section 6651). The penalty generally is 1/2 of 1% of the unpaid tax for each month or part of a month the tax remains unpaid, not to exceed 25% of the unpaid tax. If there was reasonable cause for not paying the tax on time, the penalty can be waived. However, interest is charged on any tax not paid on time, at the rate provided by section 6621.

Estimated tax penalty. The section 6655 penalty for failure to pay estimated tax applies to the tax on net investment income of domestic private foundations and section 4947(a)(1) nonexempt charitable trusts. The penalty also applies to any tax on unrelated business income of a private foundation. Generally, if a private foundation's tax liability is \$500 or more and it did not make the required payments on time, then it is subject to the penalty.

For more details, see the discussion of Form 2220 in *General Instruction D*, earlier.

A private foundation is also subject to the section 6656 penalty for failure to deposit employment taxes when due. See sections 11 and 12 of Pub.15 (Circular E), Employer's Tax Guide, for details.

O. Figuring and Paying Estimated Tax

A domestic exempt private foundation, a domestic taxable private foundation, or a nonexempt charitable trust treated as a private foundation must make estimated tax payments for the excise tax based on investment income if it can expect its estimated tax (section 4940 tax minus allowable credits) to be \$500 or more. The number of installment payments it must make under the depository method is determined at the time during the year that it first meets this requirement. For calendar-year taxpayers, the first deposit of estimated taxes for a year generally should be made by May 15 of the year.

Although Form 990-W is used primarily to compute the installment payments of

unrelated business income tax, it is also used to determine the timing and amounts of installment payments of the section 4940 tax based on investment income. Compute separately any required deposits of excise tax based on investment income and unrelated business income tax.

To figure the estimated tax for the excise tax based on investment income, apply the rules of Part VI to your tax year 2014 estimated amounts for that part. Enter the tax you figured on line 10a of Form 990-W.

The Form 990-W line items and instructions for large organizations also apply to private foundations. For purposes of paying the estimated tax on net investment income, a “large organization” is one that had net investment income of \$1 million or more for any of the 3 tax years immediately preceding the tax year involved.

Penalty. A foundation that does not pay the proper estimated tax when due may be subject to the estimated tax penalty for the period of the underpayment. See sections

6655(b) and (d) and the Form 2220 instructions for further information.

With regard to figuring and paying employment taxes, see Pub.15 (Circular E), Employer's Tax Guide.

Special Rules

Section 4947(a)(1) nonexempt charitable trusts. Form 1041-ES should be used to pay any estimated tax on income subject to tax under section 1. Form 1041-ES also contains the estimated tax rules for paying the tax on that income.

Taxable private foundations. Form 1120-W should be used to figure any estimated tax on income subject to tax under section 11. Form 1120-W contains the estimated tax rules for paying the tax on that income.

P. Tax Payment Methods for Domestic Private Foundations

Whether the foundation uses the depository method of tax payment or the special option for small foundations, it must pay the tax due

(see Part VI) in full by the 15th day of the 5th month after the end of its tax year.

Electronic Deposit Requirement

The foundation must deposit all depository taxes (such as employment tax, excise tax, and unrelated business income tax) electronically using the Electronic Funds Transfer. Generally, such transfers are made using the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at www.eftps.gov, or call 1-800-555-4477. You can also get Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started. See below for an exception to this rule for small foundations.

Depositing on time. For deposits made by EFTPS to be on time, the foundation generally must initiate the transaction at least one business day before the date the deposit is due. See Pub. 15 (Circular E), Employer's Tax Guide, for information on a same-day payment option under some circumstances.

Special Payment Option for Small Foundations

A private foundation may pay its section 4940 tax by check or money order, payable to the United States Treasury, with the Form 990-PF or Form 8868, if it meets all of the following requirements:

1. The tax based on investment income shown on Part VI, line 5 of Form 990-PF is less than \$500, and
2. If Form 8868 is used, the amount entered on line 3a of Part I or line 8a of Part II of Form 8868 must be less than \$500 and it must be the full balance due.

Be sure to write "2013 Form 990-PF" and the foundation's name, address, and EIN on its check or money order.



Foreign organizations should see the instructions for Part VI, line 9.

Q. Public Inspection Requirements

A private foundation must make its annual returns and exemption application available for public inspection.

Definitions

Annual returns. Annual returns include an exact copy of the following documents as filed with the IRS.

- Form 990-PF, including all schedules, attachments, and supporting documents, and any amended return that is 3 or fewer years old from:
 1. The date the original return was filed or required to be filed, or
 2. The date the return was required to be filed.
- Form 990-T, if it was used to report any tax on unrelated business income.

Exemption application. An application for tax exemption includes (except as described later):

- Any prescribed application form (such as Form 1023 or Form 1024),
- All documents and statements the IRS requires an applicant to file with the form,
- Any statement or other supporting document submitted in support of the application, and
- Any letter or other document issued by the IRS concerning the application.

An application for tax exemption does not include:

- Any application for tax exemption filed before July 15, 1987, unless the private foundation filing the application had a copy of the application on July 15, 1987, or
- Any material that is not available for public inspection under section 6104.

Who Must Make the Annual Returns and Exemption Application Available for Public Inspection?

The foundation's Form 990-PF, 990-T, and exemption application must be made available to the public by the foundation and the IRS.

How Does a Private Foundation Make Its Annual Returns and Exemption Application Available for Public Inspection?

A private foundation must make its annual returns and exemption application available in two ways:

- By office visitation, and
- By providing copies or making them widely available.

Public Inspection by Office Visitation

A private foundation must make its annual returns and exemption application available for public inspection without charge at its

principal, regional, and district offices during regular business hours.

Conditions that maybe set for public inspection at the office. A private foundation:

- May have an employee present,
- Must allow the individual conducting the inspection to take notes freely during the inspection, and
- Must allow an individual to make photocopies of documents at no charge but only if the individual brings photocopying equipment to the place of inspection.

Determining if a site is a regional or district office. A regional or district office is any office of a private foundation, other than its principal office, that has paid employees whose total number of paid hours a week are normally 120 hours or more. Include the hours worked by part-time (as well as full-time) employees in making that determination.

What sites are not considered a regional or district office. A site is not considered a regional or district office if:

1. The only services provided at the site further the foundation's exempt purposes (for example, day care, health care, or scientific or medical research), and
2. The site does not serve as an office for management staff, other than managers who are involved only in managing the exempt function activities at the site.

What if the private foundation does not maintain a permanent office? If the private foundation does not maintain a permanent office, it will comply with the public inspection by office visitation requirement by making the annual returns and exemption application available at a reasonable location of its choice. It must permit public inspection:

- Within a reasonable amount of time after receiving a request for inspection (normally, not more than 2 weeks), and
- At a reasonable time of day.

Optional method of complying. If a private foundation that does not have a permanent office wishes not to allow an inspection by office visitation, it may mail a copy of the requested documents instead of allowing an inspection. However, it must mail the documents within 2 weeks of receiving the request and may charge for copying and postage only if the requester consents to the charge.

Private foundations with a permanent office but limited or no hours. Even if a private foundation has a permanent office but no office hours or very limited hours during certain times of the year, it must still meet the office visitation requirement. To meet this requirement during those periods when office hours are limited or not available, follow the rules above under *What if the private foundation does not maintain a permanent office?*

Public Inspection—Providing Copies

A private foundation must provide copies of its annual returns or exemption application to any individual who makes a request for a copy in person or in writing unless it makes these documents widely available.

In-person requests for document copies.

A private foundation must provide copies to any individual who makes a request in person at the private foundation's principal, regional, or district offices during regular business hours on the same day that the individual makes the request.

Accepted delay in fulfilling an in-person request. If unusual circumstances exist and fulfilling a request on the same day places an unreasonable burden on the private foundation, it must provide copies by the earlier of:

- The next business day following the day that the unusual circumstances end, or
- The fifth business day after the date of the request.

Examples of unusual circumstances include:

- Receipt of a volume of requests (for document copies) that exceeds the private foundation's daily capacity to make copies,
- Requests received shortly before the end of regular business hours that require an extensive amount of copying, or
- Requests received on a day when the organization's managerial staff capable of fulfilling the request is conducting official duties (for instance, student registration or attending an off-site meeting or convention) instead of its regular administrative duties.

Use of local agents for providing copies.

A private foundation may use a local agent to handle in-person requests for document copies. If a private foundation uses a local agent, it must immediately provide the local agent's name, address, and telephone number to the requester.

The local agent must:

- Be located within reasonable proximity to the principal, regional, or district office where the individual makes the request; and
- Provide document copies within the same time frames as the private foundation.

Written requests for document copies. If a private foundation receives a written request for a copy of its annual returns or exemption application (or parts of these documents), it must give a copy to the requester. However, this rule only applies if the request:

- Is addressed to a private foundation's principal, regional, or district office;
- Is delivered to that address by mail, electronic mail (email), facsimile (fax), or a private delivery service approved by the IRS (see *Private delivery services* earlier for a list); and
- Gives the address to which the document copies should be sent.

How and when a written request is fulfilled. Requested document copies must be mailed within 30 days from the date the private foundation receives the request.

Unless other evidence exists, a mailed request or payment is considered to be received by the private foundation 7 days after the postmark date.

If an advance payment is required, copies must be provided within 30 days from the date payment is received.

If the private foundation requires payment in advance and it receives a request without payment or with insufficient payment, it must notify the requester of the prepayment policy and the amount due within 7 days from the date it receives the request.

A request that is transmitted to the private foundation by email or fax is considered received the day the request is transmitted successfully.

Requested documents can be emailed instead of the traditional method of mailing if the requester consents to this method.

A document copy is considered as provided on the:

- Postmark date,
- Private delivery date,
- Registration date for certified or registered mail,
- Postmark date on the sender's receipt for certified or registered mail, or
- Day the email is successfully transmitted (if the requester agreed to this method).

Requests for parts of a document copy. A person can request all or any specific part or schedule of the annual returns or exemption application, and the private foundation must fulfill their request for a copy.

Can an agent be used to provide copies?

A private foundation can use an agent to provide document copies for the written requests it receives. However, the agent must provide the document copies under the same conditions imposed on the private foundation itself. Also, if an agent fails to provide the documents as required, the private

foundation will continue to be subject to penalties.

Example. The ABC Foundation retained an agent to provide copies for all written requests for documents. However, ABC Foundation received a request for document copies before the agent did.

The deadline for providing a response is referenced by the date the ABC Foundation received the request and not when the agent received it. If the agent received the request first, then a response would be referenced to the date the agent received it.

Can a fee be charged for providing copies? A private foundation may charge a reasonable fee for providing copies. Also, it can require the fee to be paid before providing a copy of the requested document.

What is a reasonable fee? A fee is reasonable only if it is no more than the per-page copying fee charged by the IRS for providing copies, plus no more than the actual postage costs incurred to provide the copies.

What forms of payment must the private foundation accept? The form of payment depends on whether the request for copies is made in person or in writing.

Cash and money order must be accepted for in-person requests for document copies. The private foundation, if it wishes, may accept additional forms of payment.

Certified check, money order, and either personal check or credit card must be accepted for written requests for document copies. The private foundation, if it wishes, may accept additional forms of payment.

Other fee information. If a private foundation provides a requester with notice of a fee and the requester does not pay the fee within 30 days, it may ignore the request.

If a requester's check does not clear on deposit, it may ignore the request.

If a private foundation does not require prepayment and the requester does not prepay, the private foundation must receive consent from the requester if the copying and postage charge exceeds \$20.

Private foundations subject to a harassment campaign. If the IRS determines that a private foundation is being harassed, it is not required to comply with any request for copies that it reasonably believes is part of the harassment campaign.

A group of requests for a private foundation's annual returns or exemption application is indicative of a harassment campaign if the requests are part of a single coordinated effort to disrupt the operations of the private foundation rather than to collect information about it.

See Regulations section 301.6104(d)-3 for more information.

Requests that may be disregarded without IRS approval. A private foundation may disregard any request for copies of all or part of any document beyond the first two received within any 30-day period or the first four received within any 1-year period from the same individual or the same address.

Making the Annual Returns and Exemption Application Widely Available

A private foundation does not have to provide copies of its annual returns and/or its exemption application if it makes these documents widely available. However, it must still allow public inspection by office visitation.

How does a private foundation make its annual returns and exemption application widely available? A private foundation's annual returns and/or exemption application is widely available if it meets all four of the following requirements:

1. Internet posting requirement— This is met if:
 - The document is posted on the foundation's website, or
 - The document is posted as part of a database of like documents of other tax-exempt organizations on a website established and maintained by another entity.

2. Additional posting information requirement—This is met if:
- The website through which the document is available clearly informs readers that the document is available and provides instructions for downloading the document;
 - After it is downloaded and viewed, the web document exactly reproduces the image of the annual returns or exemption application as it was originally filed with the IRS, except for any information permitted by statute to be withheld from public disclosure; and
 - Any individual with access to the Internet can access, download, view, and print the document without special computer hardware or software required for that format (except software that is readily available to members of the public without payment of any fee) and without payment of a fee to the

private foundation or to another entity maintaining the web page.

3. Reliability and accuracy requirements—To meet this, the entity maintaining the website must:

- Have procedures for ensuring the reliability and accuracy of the document that it posts on the page;
- Take reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page; and
- Correct or replace the document if a posted document is altered, destroyed, or lost.

4. Notice requirement—To meet this, a private foundation must notify any individual requesting a copy of its annual returns and/or exemption application where the documents are available (including the Internet address). If the request is made in person, the private foundation must notify the individual immediately. If

the request is in writing, it must notify the individual within 7 days of receiving the request.

Penalties

A penalty may be imposed on any person who does not make the annual returns (including all required attachments to each return) or the exemption application available for public inspection according to the section 6104(d) rules discussed above. If more than one person fails to comply, each person is jointly and severally liable for the full amount of the penalty. The penalty amount is \$20 for each day during which a failure occurs. The maximum penalty that may be imposed on all persons for any one annual return is \$10,000. There is no maximum penalty amount for failure to make the exemption application available for public inspection.

Any person who willfully fails to comply with the section 6104(d) public inspection requirements is subject to an additional penalty of \$5,000.

Requirements Placed on the IRS

A private foundation's Form 990-PF, 990-T, and approved exemption application may be inspected by the public at an IRS office for your area or at the IRS National Office in Washington, DC.

To request a copy or to inspect a Form 990-PF, 990-T, or an approved exemption application, complete Form 4506-A. Generally, there is a charge for photocopying.

Also, the IRS can provide a complete set of Forms 990-PF filed for a year on CD and/or DVD. A partial set of Forms 990-PF filed by state or by month is also available. Call 1-877-829-5500 or write to the address below for details.

Internal Revenue Service
RAIVS Unit MS:6716
Ogden, UT 84201

R. Disclosures Regarding Certain Information and Services Furnished

A section 501(c) organization that offers to sell or solicits money for specific information or a routine service to any individual that could be obtained by the individual from a Federal Government agency free or for a nominal charge must disclose that fact conspicuously when making such offer or solicitation.

Any organization that intentionally disregards this requirement will be subject to a penalty for each day the offers or solicitations are made. The penalty is the greater of \$1,000 or 50% of the total cost of the offers and solicitations made on that day.

S. Organizations Organized or Created in a Foreign Country

If the organization applies any provision of any U.S. tax treaty to compute the foundation's taxable income, tax liability, or

tax credits in a manner different from these instructions, attach an explanation.

Section 4948(a) imposes a 4% tax on the gross investment income (but not capital gain net income) of an exempt foreign private foundation from U.S. sources, such as dividends, interest, rents, payments received on securities loans as defined in section 512(a)(5), and royalties. Amounts taken into income on Form 990-T are excepted. The section 4948(a) tax replaces the section 4940 tax on the net investment income of a domestic private foundation. To pay any tax due, see the instructions for Part VI, line 9. A foreign foundation does not complete Form 990-PF Parts IV and V.

Under section 4948(b), sections 507 and 508 and chapter 42 (other than section 4948) do not apply to a foreign organization that from the date of its creation has received at least 85% of its support (as defined in section 509(d), excluding gross investment income) from sources outside the United States. The foreign foundation's section 501(c)(3) status can be revoked, however, if it commits a

violation of chapter 42 (other than section 4942) after receiving a warning of a violation from the IRS, or if it commits a willful and flagrant violation. A foreign foundation described in section 4948(b) does not complete Form 990-PF Parts X (unless claiming status as an operating foundation), XI, XIII, and XV, is not required to send a copy of its annual return to a state official, and is not required to comply with the public inspection requirements for annual returns (see *General Instructions G and Q*) earlier. The foundation must attach a computation of the 85% test to the return.

Taxable foreign private foundations and foreign section 4947(a)(1) nonexempt charitable trusts are not subject to excise tax under section 4948(a) or 4940, but are subject to income tax under subtitle A of the Code.

For these purposes, U.S. territories are considered part of the United States, and thus territories' organizations are not considered foreign organizations.

T. Liquidation, Dissolution, Termination, or Substantial Contraction

If there is a liquidation, dissolution, termination, or substantial contraction (defined below) of the organization, attach the following to the filing.

- A statement to the return explaining it.
- A certified copy of the liquidation plan, resolution, etc. (if any) and all amendments or supplements that were not previously filed.
- A schedule that lists the names and addresses of all recipients of assets.
- An explanation of the nature and fair market value of the assets distributed to each recipient.

Additional requirements. For a complete corporate liquidation or trust termination, attach a statement as to whether a final distribution of assets was made and the date it was made (if applicable).

Also, an organization must indicate:

- That it has ceased to exist and check *Final return* in Item G of the Heading section on page 1 of the return, or
- That it is terminating its private foundation status under section 507(b)(1)(B), according to *General Instructions U* and *V*, or
- That it is voluntarily terminating its private foundation status under section 507(a)(1) and owes a termination tax and send the notice (and tax payment, if applicable) required by Rev. Rul. 2003-13, 2003-4 I.R.B. 305, and Rev. Rul. 2002-28, 2002-20 I.R.B. 941 (2002-1 C.B., 941) to the Manager, Exempt Organizations Determinations, at the address given in *General Instruction U*.

Relief from public inspection

requirements. If the organization has terminated its private foundation status under section 507(b)(1)(A), it does not have to comply with the notice and public inspection

requirements of the return for the termination year.

Filing date. See *General Instruction J*, earlier, for the filing date.

Definitions. The term substantial contraction includes any partial liquidation or any other significant disposition of assets. However, this does not include transfers for full and adequate consideration or distributions of current income.

A significant disposition of assets does not include any disposition for a tax year if:

1. The total of the dispositions for the tax year is less than 25% of the fair market value of the net assets of the organization at the beginning of the tax year, and
2. The total of the related dispositions made during prior tax years (if a disposition is part of a series of related dispositions made during these prior tax years) is less than 25% of the fair market value of the net assets of the organization at the beginning of the

tax year in which any of the series of related dispositions was made.

The facts and circumstances of the particular case will determine whether a significant disposition has occurred through a series of related dispositions. Ordinarily, a distribution described in section 170(b)(1)(F)(ii) (relating to private foundations making qualifying distributions out of corpus equal to 100% of contributions received during the foundation's tax year) will not be taken into account as a significant disposition of assets. See Regulations section 1.170A-9(h)(2).

U. Section 507(b)(1)(B) Termination—Notice and Filing Requirements

A private foundation or non-exempt charitable trust (other than a foundation or trust described in section 4948(b)) may terminate its private foundation status under section 507(b)(1)(B) by meeting the requirements of public charity status under section 509(a)(1), (2), or (3) over a continuous 60-month period that begins with the beginning of a tax year

of the organization. The organization must give proper notice to the IRS prior to the start of the 60-month period, and establish to the satisfaction of the IRS within 90 days after the end of the 60-month period that it so qualified.

If the organization fails to qualify as a public charity over the entire 60-month period, then it will be treated as a private foundation after the end of the 60-month period, and for any tax year within the 60-month period in which it did not qualify as a public charity.

An organization may give the IRS notice of termination under section 507(b)(1)(B) by providing the information set forth in Regulations section 1.507-2(b)(3) to the following address:

Internal Revenue Service
TE/GE—EO Determinations
P.O. Box 2508
Cincinnati, OH 45201

Alternatively, an organization may also give the notice with a request for an advance ruling that the organization can be expected

to meet the requirements of public charity status during the 60-month period. Form 8940, Request for Miscellaneous Determination, is used for this purpose. The advantage of an advance ruling is that the organization's grantors and contributors generally can rely on it during the 60-month period, and the ruling constitutes reasonable cause for abatement of penalties for failure to pay section 4940 tax during the period. The organization itself cannot rely on the ruling to avoid private foundation status during or after the 60-month period.

Although an organization terminating its private foundation status under section 507(b)(1)(B) may be regarded as a public charity for certain purposes, it is considered a private foundation for filing requirement purposes and must file an annual return on Form 990-PF. The return must be filed for each year in the 60-month termination period, if that period has not expired before the due date of the return.

Within 90 days after the end of the termination period the organization must

supply information to the IRS establishing that it has terminated its private foundation status and, as a result, qualifies as a public charity. This information is provided on Form 8940.

If information is furnished establishing a successful termination, then, for the final year of the termination period, the organization should comply with the filing requirements for the type of public charity it has become. See the Instructions for Form 990 and Schedule A (Form 990 or 990-EZ) for details on filing requirements. This applies even if the IRS has not confirmed that the organization has terminated its private foundation status by the time the return for the final year of the termination is due (or would be due if a return were required).

The organization will be allowed a reasonable period of time to file any private foundation returns required (for the last year of the termination period) but not previously filed if it is later determined that the organization did not terminate its private foundation status. Interest on any tax due will be charged from

the original due date of Form 990-PF, but penalties under sections 6651 and 6652 will not be assessed if Form 990-PF is filed within the period allowed by the IRS.

V. Payment of Section 4940 Tax During Section 507(b)(1)(B) Termination

An organization terminating its private foundation status under section 507(b)(1)(B) may file Form 990-PF without paying the section 4940 tax based on investment income if it filed a consent under section 6501(c)(4) with its notice of termination prior to the start of the 60-month period. The consent provides that the period of limitation on the assessment of tax under Chapter 42, based on investment income for any tax year in the 60-month period, will not expire until at least 1 year after the period for assessing a deficiency for the last tax year in which the 60-month period would normally expire. Any foundation not paying the tax when it files Form 990-PF must attach a copy of the signed consent.

If the foundation did not file the consent, the tax must be paid in the normal manner as explained in *General Instructions O and P*. The organization may file a claim for refund after completing termination or during the termination period. The claim for refund must be filed on time and the organization must supply information establishing that it qualified as a public charity for the period for which it paid the tax.

W. Rounding, Currency, and Attachments

Rounding off to whole dollars. You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Currency and language requirements.

Report all amounts in U.S. dollars. State the conversion rate used. Report all items in total, including amounts from both U.S. and non-U.S. sources. All information must be in English.

Attachments. Use the schedules on Form 990-PF. If you need more space, use attachments that are the same size as the printed forms.

On each attachment, write:

- "Form 990-PF,"
- The tax year,
- The corresponding schedule number or letter,
- The organization's name and EIN, and
- The information requested using the format and line sequence of the printed form.

Also, show totals on the printed forms.

Specific Instructions

Completing the Heading

The following instructions are keyed to items in the Form 990-PF Heading section on page 1.

Name and Address

If the organization operates under a name different from its legal name, give the legal name of the organization but identify its alternate name, after the legal name, by writing “aka”(also known as) and the alternate name of the organization. The address used must be that of the principal office of the foundation.

Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the organization has a P.O. box, show the box number instead of the street address.

Item A. Employer Identification Number

The organization should have only one employer identification number (EIN). If it has more than one EIN, notify the Internal Revenue Service Center at the address shown under *General Instruction J*, earlier. Explain what numbers the organization has, the name and address to which each number was assigned, and the address of the organization's principal office. The IRS will then advise which number to use.

Item B. Telephone Number

Enter a foundation telephone number (including the area code) that the public and government regulators may use to obtain information about the foundation's finances and activities. This information should be available at this telephone number during normal business hours. If the foundation does not have a telephone, enter a telephone number of a foundation official who can provide this information during normal business hours.

Item D2. Foreign Organizations

If the foreign organization meets the 85% test of Regulations section 53.4948-1(b), then:

- Check the box in D2 in the Heading section on page 1 of Form 990-PF,
- Check the box at the top of Part XI,
- Do not fill in Parts XI and XIII,
- Do not fill in Part X unless it is claiming status as a private operating foundation, and
- Attach the computation of the 85% test to Form 990-PF.

Note. In addition to these requirements, foreign organizations checking the box in D1 of the Heading on Form 990-PF do not complete Part IV or Part I, line 7. See *General Instruction B* for more details.

Item E. Section 507(b)(1)(A) Terminations

A private foundation that has terminated its private foundation status under section 507(b)(1)(A), by distributing all its net assets to one or more public charities without keeping any right, title, or interest in those assets, should check this box. *See General Instructions Q and T.*

Item F. 60-Month Termination Under Section 507(b)(1)(B)

Check this box if the organization is terminating its private foundation status under the 60-month provisions of section 507(b)(1)(B) during the period covered by this return. To begin such a termination, a private foundation must have given advance notice to TE/GE at the Cincinnati address given earlier and provided the information outlined in Regulations section 1.509(a)-(3). *See General Instruction U* for information regarding filing requirements during a section 507(b)(1)(B) termination.

See General Instruction V, earlier, for information regarding payment of the tax based on investment income (computed in Part VI) during a section 507(b)(1)(B) termination.

Item G. Initial Return of Certain Former Public Charities

If this is the initial Form 990-PF return of a former public charity under section 170(b)(1)(A)(vi) or 509(a)(2), then the organization is treated as a private foundation for the tax year being reported only for purposes of section 6033 (filing Form 990-PF), section 4940 (paying excise tax on investment income), and section 507 (terminating private foundation status).

Item H. Type of Organization

Check the box for "Section 501(c)(3) exempt private foundation" if the foundation has a ruling or determination letter from the IRS in effect that recognizes its exemption from federal income tax as an organization described in section 501(c)(3) or if the

organization's exemption application is pending with the IRS.

Check the "Section 4947(a)(1) nonexempt charitable trust" box if the trust is a nonexempt charitable trust treated as a private foundation. All others, check the "Other taxable private foundation" box.

Item I. Fair Market Value of All Assets

In Item I in the Heading on page 1 of Form 990-PF, enter the fair market value of all assets the foundation held at the end of the tax year.



This amount should be the same as the figure reported in Part II, line 16, column (c).

Part I. Analysis of Revenue and Expenses

Column Instructions

The total of amounts in columns (b), (c), and (d) (or any combination of them, such as

columns (b) and (d)) may differ from the amount in column (a).

The amounts entered in column (a) and on line 5b must be analyzed in Part XVI-A.

Column (a). Revenue and Expenses per Books

Enter in column (a) all items of revenue and expense shown in the books and records that increased or decreased the net assets of the organization. However, do not include the value of services donated to the foundation or items such as free use of equipment or facilities in contributions received. Also, do not include any expenses used to compute capital gains and losses on lines 6, 7, and 8 or expenses included in cost of goods sold on line 10b. For foundations that do not use the cash method of accounting for book purposes, charitable expenditures reported in column (a) will not necessarily match amounts reported in column (d).