

# Private Foundations

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## New Jersey Private Foundations Lawyers

A private foundation is a legal entity set up by an individual, a family or a group of individuals, for a purpose such as philanthropy. The public is usually familiar with very large foundations such as The Bill & Melinda Gates Foundation, which is the largest private foundation in the U.S. with over \$38 billion in assets.

However, most private foundations are much smaller. In fact, approximately two-thirds of more than 84,000 filing with the IRS in 2008 had less than \$1 million in assets, and 93% had less than \$10 million. In the aggregate, private foundations in the United States control over \$628 billion in assets, and, in 2007, made more than \$44 billion in charitable grants.

Unlike a charitable foundation, a private foundation does not generally solicit funds from the public.

A private foundation, in the United States, is a charitable organization described in Section 509 of the Internal Revenue Code. A private foundation is necessarily a 501(c)(3) exempt organization (or a former such entity). It is defined by a negative definition – in other words, by what it is not. A private foundation is not a public charity, as described in section 170(b)(1)(A) (i) through (vi) of the Internal Revenue Code. Neither is it a section 509(a)(2) organization, nor a supporting organization. Private foundations are subject to 2% excise taxes found in section 4940 through 4945 of the Internal Revenue Code. Once a charity becomes a private foundation, it retains that status unless it follows the difficult termination rules of section 507.

We advise our clients on the establishment, management and termination of private foundations. This area of the tax law can be a minefield for attorneys without experience in dealing with foundations. Among our partners is a former attorney with the Internal Revenue Service's Manhattan District Counsel Office.

We are prepared to advise clients in all of their charitable endeavors, including working with private foundations.

Given the complexities of Private Foundations in New Jersey, we advise you to contact one of our experienced private foundation or tax attorneys at [973-627-7300](tel:973-627-7300) at Einhorn Barbarito today. We handle private foundation, tax, trust and estate issues throughout New Jersey.