

# Form 990-PF: Private Foundation Basics (FPFB)

## Course Overview

This course will provide tax practitioners with an overview of Form 990-PF, which includes discussing the differences between non-operating and operating foundations. It is important that preparers understand the different private foundation excise taxes—including taxes on net investment income, self-dealing, failure to meet income distribution requirements, excess business holdings and taxable expenditures. This course will help preparers understand the significance of columns (a)-(d) in Part I of the form, as well as expense allocation in Part I, which includes allocation of indirect costs between net investment income and charitable expenses. There also will be an overview of the income distribution calculation. This course will cover expenditure responsibility requirements for foreign grants.

## Objectives

- Recognize transactions the excise tax rules that are applicable to private foundations:
  - IRC Sec. 4940: Excise tax based on investment income
  - IRC Sec. 4941: Taxes on self-dealing
  - IRC Sec. 4942: Taxes on failure to distribute income
  - IRC Sec. 4943: Taxes on excess business holdings
  - IRC Sec. 4944: Taxes on investments which jeopardize charitable purposes
  - IRC Sec. 4945: Taxes on taxable expenditures
- Determine which sections on the Form 990-PF are required only for private operating foundations.
- Outline how the 1% vs. 2% excise tax on net investment income is determined.
- Show the average fair market value calculation for cash and securities.
- Recall the additional reporting requirements for foreign grant expenses.
- Define the unrelated business income tax.

## Major Topics

- Excise taxes paid by private foundations
- Calculating the fair market value of the foundation's assets
- Income distribution requirements
- Transactions with disqualified persons
- Foreign grant making
- Unrelated business income tax

Field of Interest Code: Taxes

**CPE Hours: 4.00 | MCLE: 3.00**

**Level: Basic**

**Designed for:**

CPAs, attorneys and consultants who work with private foundation clients.

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