

Public Charities

The Internal Revenue Code divides organizations exempt under Section 501(c)(3) into two distinct tax categories - public charities and private foundations. A Section 501(c)(3) organization is classified as a public charity (1) by being a certain kind of institution, such as a church, university, or hospital, (2) by meeting one of two mathematical public support tests, or (3) by qualifying as a supporting organization to another public charity. Public charities are subject to substantially less regulation under federal tax law than private foundations, and therefore qualifying as a public charity is usually preferable. We help our clients obtain and maintain public charity status, and take advantage of the greater flexibility of operating as a public charity.

AREAS OF FOCUS

- › Public support test calculations.
- › Structuring gifts, grants, and contributions to avoid “tipping” into private foundation status.
- › Compliance with federal and state nonprofit and tax-exemption law applicable to public charities, including Section 4958 of the Internal Revenue Code governing insider transactions.
- › Fiscal sponsorship, permitting a charity to support charitable projects that do not yet have IRS recognition of tax-exempt status.
- › Conducting fundraising activities and compliance with state charitable solicitation registration requirements.
- › Donor-advised funds, allowing a donor to make immediate tax-deductible contributions while retaining the right to recommend future charitable distributions of the funds.
- › Supporting organizations, which qualify as public charities by virtue of their close relationship with other charities that are publicly supported.
- › Property tax exemptions.

CONTACT INFORMATION

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REPRESENTATIVE CLIENTS

- › The Claremont Colleges
- › Silicon Valley Community Foundation
- › Golden State Warriors Community Foundation
- › Filoli Center
- › Y Combinator Research, Inc.
- › Monterey Bay Aquarium
- › Schwab Charitable Fund
- › The San Francisco Foundation

PRACTICING ATTORNEYS

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