

Dade Community Foundation
Statement of Policy for Supporting Organizations

An individual, private foundation or other tax-exempt organization (herein called the donor) may become affiliated with the Dade Community Foundation and obtain public charity tax status while maintaining a separate identity and active role in the nonprofit community, by means of the supporting organization provision of Section 509(a)(3) of the Internal Revenue Code.

I. ADVANTAGES OF A SUPPORTING ORGANIZATION

There are many advantages to becoming a supporting organization of the Dade Community Foundation:

- A. Active Role for the Donor. The donor is permitted to maintain active participation in the management of the support organization.
- B. Public Charity Status. Public charity status provides favorable tax benefits that are unavailable to private foundation:
 - 1. Contributions of cash to the organization are deductible at the full rate (up to the fifty percent) rather than the limited rate (thirty percent). For contributions of publicly-traded or closely-held stock, the deduction is at the full fair market value rather than the donor's cost basis.
 - 2. The annual excise tax on the organization's net investment income is eliminated.
 - 3. The organization is not subject to "excess business holding rules" requiring it to dispose of holdings in business enterprises.
 - 4. The organization avoids excise taxes on "jeopardy investments."
 - 5. The organizations need not comply with the minimum qualifying distributions rules in making annual grants and distributions.
 - 6. The organization avoids liability for making taxable expenditures.
- C. Professional Staffing Support and Management. The Dade Community Foundation will provide ongoing professional staffing to the organization as well as support services such as accounting and filing of all required reports.
- D. Broad Base of Charitable Activities. A supporting organization of the Dade Community Foundation may make qualified grants and conduct other charitable activity which furthers the charitable purposes of the Dade Community Foundation.

II. STEPS TO BECOMING A SUPPORTING ORGANIZATION

To become a supporting organization the donor must comply with Internal Revenue Service requirements and the Dade Community Foundation's policies as follows:

- A. Draft or amend governing instruments to provide that the purpose of the organization is to act for the benefit of, perform the functions of, or carry out the purposes of the Dade Community Foundation.
- B. Permit the Dade Community Foundation to elect or appoint a majority of the directors or the trustees of the organization. The remaining directors or trustees may be appointed by donors or managers of the organization or others.
- C. Maintain a minimum asset value of \$500,000 or more at the time of affiliation with the Dade Community Foundation.
- D. Retain the Dade Community Foundation to provide management and professional services to the organization on a continuing basis.

III. ASSISTANCE AVAILABLE FROM THE COMMUNITY FOUNDATION

The Dade Community Foundation is willing to work with a donor or donor's counsel wishing to inquire about creating or affiliating as a supporting organization.