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Jamie R. Lanier
lanierj@lanepowell.com

Mary Lee Moseley
moseleym@lanepowell.com

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Private Foundations: Taking Them Beyond Checkbook Philanthropy

Seattle Business Magazine

Mary Lee Moseley and Jamie Lanier authored an article in *Seattle Business* magazine's November 2016 issue titled "Private Foundations: Taking Them Beyond Checkbook Philanthropy." The article discusses private foundations and the rules and regulations that govern social impact investing, specifically, program related investments (PRIs) and mission related investments (MRIs).

Program-related investments (PRIs) have been used for many years. Generally, a private foundation that makes investments jeopardizing its ability to carry out its exempt functions is subject to an excise tax under Code §4944. However, PRIs are an exception to that rule. Under the regulations, an investment qualifies as a PRI if: (a) its primary purpose is to accomplish the foundation's exempt purpose(s); (b) the production of income or appreciation of property is not a significant purpose of the investment; and (c) none of the purposes described in Code §170 (c)(2)(D) (i.e., carrying on propaganda or otherwise attempting to influence legislation) are a purpose of the investment.