

For Some Foundations, Charity Extends to Home Office

Foundations skirt rules by calling expenses gifts

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... The issue remains alive among those who want to maintain the fiscal integrity of foundations.

Foundations are established with private money. But because they and their donors receive generous tax breaks, foundations' finances are of interest to everyone, some say.

When someone donates money to a foundation, the donor avoids income taxes of about 35 percent. Posthumous donations escape the estate tax of 55 percent. And, once the foundation has the money and invests it, the growth on investments is taxed at a lower rate than privately held investments.

"It's not private money," said Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy. "Foundation dollars are partially public dollars, subsidized by taxpayers."

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