SAMPLE BOOKS · PRIVATE FOUNDATION ACCOUNTING

The Hartwell Family Foundation

A $12 million private foundation supporting local charities

WHO THEY ARE

Richard and Ann Hartwell started their foundation to support schools, food banks, clinics and the arts where they live. This year they added $500,000 to its endowment.

The foundation's investments earn dividends and gains, it pays grants to nine local charities, and it makes quarterly estimated payments of the 1.39% excise tax on net investment income.

IN THIS SAMPLE

- Balance sheet as of October 31, 2026
- Income and expenses, January 1 to October 31, 2026
- The required 5% distribution for 2026, and how it is calculated
- Grant register: every grant paid this year

WHAT THE FIRM DOES

- Monthly foundation books in Baratelli Bankable: investments, income, grants and expenses
- A grant register for the board, with every grant, date and recipient
- Tracking of the year's required 5% distribution against grants paid
- Quarterly excise tax estimates and the annual Form 990-PF
- A board package for the family's annual meeting

Baratelli CPA & Accounting, PLLC
Our CPA-led team does the work in Baratelli Bankable, and a U.S. CPA reviews it.
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> This is a sample. The family, its companies and every name and figure are made up to show the work. The reports that follow are printed from these sample books in Baratelli Bankable.

Balance sheet

The Hartwell Family Foundation · As of 10/31/2026 · Accrual basis

Printed from Baratelli Bankable · sample books · U.S. dollars

Account	Amount
Assets	
Operating checking	378,600.00
Investments, at market	11,930,900.00
Total assets	**12,309,500.00**
Liabilities	
Total liabilities	**0.00**
Equity	
Net assets without donor restrictions	11,840,000.00
Total equity accounts	**11,840,000.00**
Net income, current year	469,500.00
Total equity	**12,309,500.00**
Total liabilities and equity	**12,309,500.00**

Income and expenses

The Hartwell Family Foundation · 01/01/2026 to 10/31/2026 · Accrual basis

Printed from Baratelli Bankable · sample books · U.S. dollars

Account	Amount
Income	
Contributions	500,000.00
Dividends and interest	315,000.00
Gain (loss) on sale of assets	60,300.00
Total income	**875,300.00**
Operating expenses	
Grants paid	350,000.00
Bank and merchant fees	450.00
Professional fees	7,500.00
Investment management fees	44,400.00
Total operating expenses	**402,350.00**
Other expenses	
Federal excise tax on net investment income (1.39%)	3,450.00
Total other expenses	**3,450.00**
Net income	**469,500.00**

The required 5% distribution for 2026

The Hartwell Family Foundation · Estimate as of 10/31/2026

Calculated by the firm from the sample books · U.S. dollars

How the required amount is figured	Amount
Step 1: the asset base	
Average value of the foundation's investment assets (the ten month-ends at right)	12,336,458
Less 1.5% treated as cash held for charitable work	(185,047)
Net investment assets	**12,151,411**
Step 2: the minimum investment return	
5% of net investment assets	**607,571**
Step 3: the amount the foundation must distribute	
Less the estimated 2026 excise tax: 1.39% of estimated net investment income of $379,100	(5,269)
Required distribution for 2026 (the distributable amount)	**602,302**
Step 4: progress	
Grants paid January 1 to October 31, 2026 (see the grant register)	(350,000)
Still to distribute, by December 31, 2027 at the latest	**252,302**

Month-end	Investments	Cash	Total
January 31, 2026	12,031,500	339,955	12,371,455
February 28, 2026	12,063,000	289,910	12,352,910
March 31, 2026	11,929,700	414,865	12,344,565
April 30, 2026	11,987,600	374,820	12,362,420
May 31, 2026	12,019,100	331,125	12,350,225
June 30, 2026	11,910,800	424,930	12,335,730
July 31, 2026	11,942,300	364,885	12,307,185
August 31, 2026	12,007,700	319,840	12,327,540
September 30, 2026	11,899,400	403,645	12,303,045
October 31, 2026	11,930,900	378,600	12,309,500
Average of the ten month-ends			**12,336,458**

How the rule works. Each year a private foundation must pay out at least its distributable amount: 5% of the average value of its investment assets, less the 1.5% cash allowance, less its excise tax on net investment income. The amount must be paid by the end of the following year, and anything still unpaid after that is subject to a 30% excise tax. Grants count toward it, and so do reasonable costs of running the grant program; investment fees do not. This sample counts grants only.

About this estimate. The asset base averages the ten month-ends to date, and the full year will use all twelve. Net investment income is estimated for the full year: dividends and interest of $315,000 to date, annualized to $378,000; realized gains of $60,300 to date; less investment fees annualized to $59,200. The sample assumes the 2025 requirement was fully paid during 2025, so every 2026 grant counts toward 2026.

Grant register

The Hartwell Family Foundation · 01/01/2026 to 10/31/2026 · Accrual basis

Printed from Baratelli Bankable · sample books · U.S. dollars

Date	Name / memo	Debit	Credit	Balance
02/12/2026	Coastal Literacy Coalition	50,000.00		50,000.00
03/18/2026	Harborlight Children's Fund	25,000.00		75,000.00
04/09/2026	Seabreeze Community Food Bank	40,000.00		115,000.00
05/14/2026	Lighthouse Arts Education Fund	35,000.00		150,000.00
06/11/2026	Inlet Marine Science Center	30,000.00		180,000.00
07/16/2026	Palmetto Scholarship Fund	60,000.00		240,000.00
08/13/2026	Hometown Housing Builders	45,000.00		285,000.00
09/17/2026	Westside Community Clinic	40,000.00		325,000.00
10/15/2026	Riverbend Community Food Pantry	25,000.00		350,000.00