Section 3
Foundation Income Sources

The Operation of the Foundation

Under section 501 of the Internal Revenue Code an organization properly organized and operating is entitled to tax-exemption for federal income tax purposes. Up to now, we have referred to the principles and some of the documents involved in organizing a foundation for tax-exemption purposes. For the rest of this portion of the seminar we will consider methods applicable to proper operation of the foundation. Your local counsel will accomplish much of the work in organizing your foundation, using your ideas. But your counsel will not be able to operate your foundation. He will only be able to advise and guide you in the proper operation of the foundation. The greater knowledge of the operational methods of foundations that you have, the greater will you