

statement is as follows:

You will start your foundation by placing some amount of money in your foundation's bank account. This money will either be from your private income or from your business income. In either case, it is recommended that a promisory note should be executed by the foundation to the lender. Technically your foundation has not yet been recognized by the U.S. Treasury as a qualifying organization to receive deductible contributions, and this original amount might not be recognized as a deductible charitable contribution. If these original funds are a loan then you will not be penalized in the event the amount is not recognized as a charitable deduction. This loan may or may not carry interest, may be short term or long term and may be converted into a contribution simply by marking the note "paid" and giving it back to the foundation. The foundation would then send a "thank you" note for the contribution as evidence of the transaction. Your foundation would then have capital to begin its operations.

Another reason for loaning money to the foundation at first rather than contributing to it is that