Investment Securities, Mortgages, Rentals, and Savings

We have covered briefly two sources of tax-exempt income for your foundation. These two sources are contributions and related fees. There are five other sources of tax-exempt income and these are:

1. Dividends
2. Most rents
3. Royalties
4. Interest
5. Short and long term capital gains.

These are the five "investment" sources of foundation income.

Your foundation may invest in any security program that is reasonably secure. That is, it may invest in any listed security or approved bond and it may deal in almost all of the major and minor securities in over-the-counter market. Probably the only rule of investment that should be kept in mind