

is that the foundation is barred from "endangering the capital assets of the tax-exempt organization." In other words, the Internal Revenue Code prohibits foundations from endangering the foundation funds through investment in extremely risky situations. It could be illegal for the foundation to invest in highly speculative transactions such as wildcat oil companies or penny stocks in exotic mineral rights. However, conventional speculative investments as well as growth and blue-chip income investments are quite permissible. Dividends, capital gains and interest from these normal security transactions are tax-exempt to your foundation under the Internal Revenue Code.

The foundation through it's officers or directors may personally administer these security transactions. The foundation is not required to hold any investment for any mandatory or minimum period of time. Many foundations, in fact, do regularly trade on the nation's stock exchanges. In the alternative, a foundation may create a security account with an established broker and have that broker administer