uses it funds in such a way as to seriously endanger their application to proper tax-exempt purposes. This would include unsecured loans, risky investments, and unwise overall planning and structure of investments.

The prohibition against endangering foundation funds is an unusual prohbition which seems to indicate that, by law, a foundation may not go bankrupt. Of course there is no indemnity guarantee - it merely means that if you do go bankrupt you become taxable. The prohibition against endangering foundation funds was created to discourage foundations from entering high risk ventures. The courts, however, have all but nullified this prohibition by consistently finding that if a venture is successful, it could not have been risky. If your investment in mineral rights turns out to be highly profitable, how could it have possibly been dangerous? If your foundation's investment in growth securities of a perpetual motion machine makes millions, how could it have been risky? In other words, the courts have used hindsight to determine the risk of a venture.