

SECTION 8

FOUNDATION TAX AND REPORTING LAW

Exhibit #22 not prepared - to come later

Federal and State Regulations

Each of the subjects in this section should be prepared and delivered by a local attorney, depending upon state law. Statements as to the interpretation of the statutes involved in this section would be clearly the practice of law and should not be accomplished by anyone other than a licensed attorney. Distribute EXHIBIT #24.

1. Social Security and Federal Withholding

Your foundation must file for an employer's identification number of Form SS-4 from the Social Security Department of the U.S. Treasury if it employs one or more persons. This number is to be used when reporting the withholding of Federal Income Tax from any salaries paid to an employee by the foundation. The executive director of a foundation is considered to be an employed individual and if this executive director is receiving a salary it is considered to be taxable income and subject to Federal withholding requirements which should be reported on Form W-2. A tax-exempt foundation is not, however, required to