

operating capital and some cash should be placed in the trust to allow it to begin operations.

Your foundation might own some securities and other business properties, but generally your foundation would lease its facilities and equipment from other sources, such as the trust. Your foundation should essentially become a "shell" used to create and channel income for philanthropic purposes.

The trust foundation, on the other hand, is not used primarily as a shell, but as a receptacle for funds developed in both the trust and the corporate foundation.

(b) Income Transfers Within These Three Elements.

First, your trust might lease all necessary facilities and properties to the corporate foundation and perhaps to the trust foundation, although we generally recommend that space be donated to the trust foundation for its records and transactions. Second, loans at reasonable rates of interest and properly secured, if necessary, would be executed between any and all of the three organizations as required by the scope of operations of any of the three organizations; that is, if the trust were to purchase some real estate and required funds from the trust foundation it would generally borrow the funds and secure the loan with