

custodial care or the like. A lessee would not normally make expenditures on property which constitutes a capital investment, as for example, a lessee with a one year lease would not build a new wing on the building. Investments may be made by any entity. However, a tax exempt entity should not make highly speculative investments which would imperil its ability to perform its exempt purposes. Where the foundation owns or leases an automobile, the foundation may make payments for gasoline, minor repairs and general up-keep, but where they are paying you for the use of a car owned by you, as for example 10 or 15¢ per mile on company business, they could not make car payments, just as the foundation occupying your property under a short term lease could not make mortgage payments for your benefit. You would have to receive rental payments from the foundation, assuming that you are renting to the foundation, and then you would make the mortgage payment. For an explanation of how you can make the most out of these payments, refer to the discussion in question two above.

Question #6: CAN CHILDREN AS MEMBERS OF THE FOUNDATION RECEIVE AN ALLOWANCE TO HELP THEM EDUCATE THEMSELVES IN THE USE OF CAPITAL?

No, although like any other person they may receive educational grants which can have the same result. (Recall the use of beneficial certificates of the Trust.)

- 4 -