

Question #5: CAN THE EDUCATIONAL FUND BE USED IN CURRENT EDUCATION EXPENSES FOR CHILDREN OF THE FOUNDATION WHO ARE IN PRIVATE ELEMENTARY AND SECONDARY SCHOOLS?

To begin with, the expression "children of the foundation" does not have legal significance. A relevant classification might be "children of a donor or officer of the foundation." Even these persons are eligible to receive educational grants. Refer your accountant to Section 117 of the Internal Revenue Code for an explanation of how such monies may be received by those children tax free to them. Whether or not it is taxable to them does not effect the foundation's ability to make such grants.

Question #6: WHAT CONSTITUTES SELF-DEALING?

Refer to exhibit 11 of Lecture III.

Question #7: MAY I LOAN THE FOUNDATION OR TRUST X DOLLARS TO PURCHASE MY HOME OR OTHER PROPERTY, THUS CREATING A CREDIT AGAINST WHICH I MAY DRAW?

Yes, the foundation or Trust may borrow from you as any other person may do.

Due to the exempt nature of the foundation, such loans must be at no more than fair interest. In either case, the interest on that loan is taxable to the lender.

Question #8: WE NEED THE STATE RULES OF PRIVATE EDUCATIONAL, SCIENTIFIC, HEALTH AND WELFARE FOUNDATIONS. IS THERE A BOOKLET BY THE STATE?