

State rules of private, educational, scientific, health and welfare foundations is generally the state non-profit corporation law which is almost always available in pamphlet form. There are generally no other state laws applicable.

Question #9: WE NEED COPIES OF ALL STATE AND FEDERAL FORMS REQUIRED

The state non-profit corporation law will tell you what reports such corporations have to make to the state. These are frequently mailed out by the state as a matter of course. You might inquire of your Secretary of State if this is your state's practice. The federal forms pertain only to taxation and may be obtained from the IRS on request. These forms were discussed in a hand out in Lecture III.

Question #10: WHAT HAPPENS TO THE GAIN WHEN THE TRUST SELLS PROPERTY, OR DOES IT CONVEY TO THE FOUNDATION FIRST?

The Trust is taxable on that gain, unless it avoids such tax. There are two ways in which a Trust may avoid that tax. First, it may pay the money out to beneficiaries in which case the Trust can deduct what monies it pays out and reduce its tax to zero, or two, exercise its unlimited deduction for contributions and achieve the same result.

Question #11: MUST THE TRUST FOUNDATION HAVE THE SAME, OR SIMILAR PURPOSE TO THAT OF THE NOT-FOR-PROFIT?

It need not have, though of course, where their purposes overlap this will make it convenient for cross endowments.