unnamed cause at some indefinite time in the future. These approaches would go far in reminding trustees that foundations are expected to provide a source of current funds for charity and that they should not be used as vehicles to further delay the flow of funds from the original donor to operating charities.

C. FOUNDATION INVOLVEMENT IN BUSINESS

(1) *The existing situation*

A number of private foundations have become deeply involved in the conduct of active business enterprises. Ordinarily, the involvement takes the form of ownership of a controlling interest in one or more corporations which operate businesses; occasionally, a foundation owns and operates a business directly. Interests which do not constitute control may nonetheless be of sufficient magnitude to involve foundations in the affairs of businesses.

Example 1.—The A foundation holds controlling interests in 26 separate corporations, 18 of which operate going businesses. One of the businesses is a large and aggressively competitive metropolitan newspaper, with assets reported at a book value of approximately $10,500,000 at the end of 1962 and with gross receipts of more than $17 million for that year. Another of the corporations operates the largest radio broadcasting station in the State. A third, sold to a national concern as of the beginning of 1965, carried on a life insurance business whose total assets had a reported book value of more than $20 million at the end of 1962. Among the other businesses controlled by the foundation are a lumber company, several banks, three large hotels, a garage, and a variety of office buildings. Concentrated largely in one city, these properties present an economic empire of substantial power and influence.

Example 2.—The B foundation controls 45 business corporations. Fifteen of the corporations are clothing manufacturers; seven conduct real estate businesses; six operate retail stores; one owns and manages a hotel; others carry on printing, hardware, and jewelry businesses.

Example 3.—The C foundation has acquired the operating assets of 18 different businesses, including dairies, foundries, a lumber mill, and a window manufacturing establishment. At the present time it owns the properties of seven of these businesses. Its practice has been to lease its commercial assets by short-term arrangements under which its rent consists of a share of the profits of the leased enterprise. By means of frequent reports and inspections, it maintains close check upon its lessees' operations.

Example 4.—The D foundation owns a crude oil refining company to which it assigns a book value in excess of $32 million.

Example 5.—The E foundation controls a corporation which operates a large metropolitan department store. For its fiscal year ended January 31, 1963, the store reported gross sales of $78,395,052, gross profit of $32,062,405, and paid wages and salaries of $17,488,211. It stated the book value of its assets at that time to be $55,091,820.

Example 6.—Among the business interests owned by the F foundation is a substantial holding in a corporation which constructs machines for the manufacture of concrete blocks. The corporation has approximately 800 employees; its annual sales have ranged from $12 to $15 million in recent years.