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A FOUNDATION LIBRARY CENTER STUDY

Legal Instruments of Foundations

Compiled by

F. EMERSON ANDREWS

Director

Foundation Library Center

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Preface

JOHN STUART MILL, more than a century ago, declared that by a "foundation or endowment" one should understand "money or money's worth (most commonly land) assigned, in perpetuity or for some long period, for a public purpose: meaning by public, a purpose which, whatever it may be, is not the personal use and enjoyment of an assignable individual or individuals."¹

It was a useful definition, particularly in his day when nearly all foundations were in the form of charitable trusts restricted to a specific and often narrow purpose, and were usually set up in perpetuity. A chief danger, which Mr. Mill vigorously pointed out, was that the original narrow purpose might in time become less valuable or wholly useless, but the law found difficulty in making any change in the donor's scheme.

Half a century ago the foundation idea began to take deep root in American soil, but with a significant difference. Substantial endowments were set up, often in perpetuity, as in England; but frequently with wide latitude in their uses. "To promote the well-being of mankind throughout the world," the purpose-clause of The Rockefeller Foundation, was not unusual. Special-purpose funds were also set up, but characteristically the larger foundations had great freedom of action. Their trustees spent less time in conserving money than in exploring new and enterpris-

¹ Mill, John Stuart, "The Right and Wrong of State Interference with Corporation and Church Property," *Jurist*, February, 1833.

ing ways of spending it. The new doctrine asserted that the funds of foundations were the venture capital of philanthropy, best spent when invested in enterprises requiring risk and foresight, not likely to be supported either by government or the private individual. The usual purpose was not relief or even cure; it was research, prevention, and discovery. The very word "foundation" acquired in America connotations of freedom of action.

A decade and a half ago a fresh wave of foundations began to sweep over the country, induced at least in part by the high levels of taxation resulting from World War II. Many of these were so-called family foundations, set up by a living individual, with both contributions and direction closely held within the family group. Another large segment were corporation foundations, set up by business corporations to receive substantial contributions in years of high profits—or especially high taxes—and to disburse these funds, through good and bad years, in the customary patterns of corporation giving. Both family and corporation foundations differed in one significant respect from the older, traditional foundation: they had usually no large corpus, but carried on their often substantial programs with moneys received currently. Although they may accumulate corpus, typically they are "in and out" foundations rather than endowment type.

Further to complicate the picture, foundations constantly arose that did not fit any of these categories; for example, community foundations that were amalgamations of numerous small funds, and the wholly tax-supported National Science Foundation. Also, a number of organizations devoted primarily to fund-raising, propaganda, or subsidized research have assumed the prestigious name "foundation," to which they can show no legitimate claim.

It has been suggested that the word *foundation* has no longer a definite meaning, and should be abandoned. This would be a useful suggestion if any other word conveyed this idea with greater accuracy. We find none. *Charitable trust* is only one legal form of the philanthropic foundation. Such terms as *endowment* and *fund* are in some respects too narrow and in others much too

broad. For practical working purposes we shall accept this definition:

A foundation may be defined as a nongovernmental, nonprofit organization having a principal fund of its own, managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare.¹

Not all the foundations whose legal documents are sampled in the following pages meet fully even this definition. For comparison or other purposes, we have included the Public Law creating the one existing governmental "foundation," and various documents relating to several other foundations not technically fully within the definition.

Foundations Today

Foundations falling within this definition, and having assets of a minimal \$50,000, number at least 5,000 in the United States. They have assets totaling over \$7 billion and their expenditures in 1957 were probably in the neighborhood of \$700 million. These are large sums, but they do not support the popular assumption that foundations are a reservoir of unlimited wealth, able to undertake vast projects at will. In the framework of private philanthropy, foundations are able to supply only about eight cents of the philanthropic dollar. But because they have had long experience in giving and most of them dispense their funds with care, they have built an enviable record of accomplishment from relatively meager resources.

Particularly in recent years the foundation device has proved a very popular one for the contribution of private and corporate wealth to public purposes. Because this mushrooming growth has coincided with a period of stratospheric tax levels, some commentators have concluded that the philanthropic foundation is primarily a shrewd business device by which many taxes can be avoided, estates kept liquid, or business control retained in desired hands, with some general good to justify these financial

¹ Andrews, F. Emerson, *Philanthropic Foundations*. Russell Sage Foundation, New York, 1956, p. 11.

benefits. Undoubtedly, some foundations have been set up for selfish advantage, and in a few cases represent outright fraud. But to impute such motives to donors generally is to misread both history and current events.

Donors of the earlier foundations, including some of the very large ones, had no possibility of personal tax savings; charitable contributions were not allowed as tax deductions until 1917. Today, tax convenience is undoubtedly one factor in the choice of this channel for philanthropic contributions, and in a few rare cases gifts can be made at no cost to the donor. But in substantially all instances some personal sacrifice, or in the case of a corporation some surrendered profit, is involved in making the gift. The choice of the foundation as a channel for the gift may have sprung from a mixture of many motives—convenience, efficiency, desire to perpetuate a name, pure altruism, a tax advantage, the current fashion. Whatever the subjective motives, the fact is that foundations are being set up in considerable numbers every month with chartered purposes that come within the definition of philanthropy.

New Foundations

Some measure of the current birth rate of foundations is afforded by the *Internal Revenue Bulletin's* lists of all the organizations approved for deductibility of contributions within stated periods. By no means all of these organizations are foundations by any definition. But the most recent list, for August through December, 1957, contained a total of 815 organizations that include the word *foundation* in their title, and an additional 108 organizations which by such names as "charitable trust" suggest that they also may be foundations. Even with some downward adjustment, we conclude that currently foundations are being organized at a rate of more than 1,500 a year.

Some of these will be abandoned within a year or two. Most of them will never attain a substantial size. A very few start big, or are growing through yearly gifts, or may anticipate substantial funds upon the death of the donor. Even the gigantic Ford Foundation began, in 1936, as a small family foundation with an

endowment of \$25,000. But whether or not recent additions to the foundation rolls include any that will reach the \$100 million asset category, both the volume and financial potentials of the new foundings suggest the desirability of making aid and counsel available to those responsible for setting up these new organizations.

Setting Up a Foundation

When a decision has been reached to set up a foundation, certain choices must be made. Some of these are value judgments as to purposes and policy. Assuming the donor has one or several specific purposes in mind, should he set up a foundation limited by charter or articles of incorporation to stated purposes? (The modern trend is to indicate broad purposes in the binding legal documents so that future changes, if indicated, may be made; specific purposes are expressed in a letter of gift cast in nonbinding language.)

Should the funds be set up as a perpetuity, ensuring—so far as one may in this changing world—that a long succession of future generations shall also benefit from today's generosity, and possibly remember its donor? Or should the trustees be given power to spend principal as well as income—an optional perpetuity—with some guidance as to whether such spending is to be resisted or encouraged? Or should compulsory liquidation be provided within a set term, in the belief, as Mr. Rosenwald put it, that "Real endowments are not money, but ideas."¹

What should be the legal form of organization: charitable trust or incorporated foundation? Certain advantages and limitations inhere in each of these forms, and variations are possible.

Charitable trusts are usually easier to organize than incorporated foundations. Legal provisions differ somewhat in the various states, but in general trusts may be set up by a simple agreement between donor and trustee; in an *inter vivos* trust the provisions might be known only to the persons immediately concerned, the lawyer drawing up the instruments, and the taxing

¹ Rosenwald, Julius, "Trends Away from Perpetuities," *Atlantic Monthly*, December, 1930, p. 749.

authorities. Statutes governing charitable corporations are subject to change by the legislature, and are often changed. Trust documents are also subject to some extent to later legislation, but are so affected with comparative infrequency. The trustee may be a single person, an institution (frequently the trust department of a bank), or a group of persons with or without an institutional trustee.

The powers of the trustee of a charitable trust have traditionally been construed somewhat more narrowly than those of a director of an incorporated foundation, although this disparity has been decreasing. The trust instrument may, of course, assign to the trustee extremely broad powers. The trustee is personally liable as compared with the foundation director who acts only as a corporate agent. Third persons, however, might prefer to deal with corporate agents since they can usually hold the corporation, whereas their ability to reach the trust estate is the subject of some dispute and confusion, even today. In some jurisdictions trusts are not exempt from local property taxes, while charitable corporations are.

The usual legal framework for foundations in recent years has been incorporation under the laws of a state or territory. The incorporated foundation is somewhat more difficult to initiate and requires continuing attention, but it is for many purposes a more convenient pattern of organization. Within charter limitations, which may be as broad as "the welfare of mankind," it can subsidize or undertake operations of the widest variety by simple action of its board of directors, or trustees, as they may style themselves.¹

Another choice involves the jurisdiction in which the trust or corporation is organized. Laws differ in the various states, with the result that some foundations find it desirable to organize in states other than those in which their main office and chief activities will center.

¹ In recent years, for tax reasons, foundations that express their purposes in broad terms usually add a limiting clause such as "but no part of the income or principal may be used except for religious, charitable, scientific, testing for public safety, literary, or educational purposes"—or similar verbiage borrowed from the Internal Revenue Code or comparable state legislation.

Members of the governing board of a foundation may bear a variety of titles, of which *trustees*, *directors*, *members of the corporation*, and *managers* are the most common, but under whatever title, they are responsible for management, usually far beyond the mere conservation of entrusted assets, which is the older conception of trusteeship.

How many trustees should there be? Is it well to have as trustees members of the family and close associates of the donor, or a more diversified board, including persons familiar with the special areas in which the foundation desires to operate? Should they be appointed for life, or for brief terms, with perhaps a principle of compulsory rotation provided?

This book does not pretend to supply answers to these and the many other questions involved in setting up a foundation and running it efficiently. It does indicate, through the legal documents included, the wide variety of concrete problems faced in the creation and operation of a representative group of foundations. And it does set forth how those problems were met.

The reader should bear in mind that the particular solution he reads may not suit his problem, for a number of reasons. What appears on the surface to be a situation like the reader's may differ in ways not disclosed in the legal document. As previously mentioned, the applicable statutes vary from state to state, so that a form of words suitable in one state may be defective in another. Moreover, these same statutes have varied over the years, so that a 1930 document, adequate when drawn, may need revision to serve as a 1958 form. Thus, the legal documents in this book should be taken as suggestive, and not as determinative.

For the more involved legal and tax problems, tailored to an individual foundation, skilled legal counsel is imperative. On general matters, including questions of policy, information may be obtained by consulting the annual reports (and in some cases the detailed histories) of many of the larger foundations, books that have been issued on these subjects, and the proceedings of regional and other foundation conferences that have been held in some numbers in recent years.

Origins of This Volume

In 1939 a collection of trust instruments, charters, by-laws, and other legal documents of twenty-nine foundations, prepared by Edward C. Elliott and M. M. Chambers under auspices of The Carnegie Foundation for the Advancement of Teaching, was issued in processed form for limited distribution under the title *Charters of Philanthropies*. In 1948 this material was substantially revised by Professor Chambers, who added an extensive analytical introduction, and was issued as a 247-page pamphlet under the same title. The revision included documents from eighteen foundations, some of which had not been included in the earlier, larger collection. In both editions of *Charters of Philanthropies* the material was organized alphabetically by foundations, with often three or four documents for a single foundation. For example, the John Simon Guggenheim Memorial Foundation was represented by the charter, letter of gift, constitution, and by-laws.

By the time the second edition was exhausted, such newer forms as the corporation foundation and the "mixed" family-corporation foundation had sprung up. Meanwhile the Foundation Library Center had been established and was collecting extensive material of this character. Carnegie Corporation of New York expressed the hope that the Center would prepare a replacement for this material. The trustees of the Center approved the project. Russell Sage Foundation offered a small grant to underwrite preparation of the material and agreed to act as publisher under a combined imprint.

The Editor of *Legal Instruments of Foundations* acknowledges gratefully the pathfinding service of the earlier volumes, and he has in some instances included identical documents. The plan of organization differs somewhat, however. In this volume the stress has been placed upon the nature of the document rather than upon a rounded picture of a given foundation.¹ Therefore,

¹ But to present the complete legal documentation of one foundation, we have included three items from Russell Sage Foundation: Chapter 140 of the New York State Laws of 1907, signed on April 11 of that year, which serves as the charter of the organization and has never been changed (pp. 45-46); Mrs. Sage's Letter of Gift read at the opening meeting on April 19, 1907 (pp. 264-266); and the "Constitution," which serves also as by-laws, originally adopted at the same meeting but presented here in the revision current in 1957 (pp. 189-195).

all documents of a single type are included in a special chapter, with a brief introduction on the nature of that kind of document, and for each document a prefatory paragraph pointing out special characteristics. The effort has been to present a broad sampling of each type of document, and the arrangement within a chapter is chronological. No attempt at evaluation is made, though, of course, seriously faulty draftsmanship was reason for exclusion.

Among such documents, one may broadly distinguish between two schools of practice. One school endeavors to foresee every possible contingency, and to include detailed and precise provisions covering all of these; if later experience discloses, as is inevitable, situations not covered, then amendments and additions are made to cover also these contingencies.

The other school contents itself with a careful statement of general intent, but avoids detailed definition and applications to special cases, in the belief that since all future contingencies cannot be foreseen, a general statement is more useful than an attempt to handle detailed instances. The latter also runs the danger of implying that the general intent does not cover other instances not so mentioned. This school produces relatively brief laws, regulations, charters, by-laws, and other documents, with all of these less cumbered with detailed phrases.

No attempt is made here to decide between these two schools, except perhaps to rule out the extremes. Both types of documents are represented. But since the legal productions of the detailed school run sometimes to great length, with many of the provisions of no interest beyond the precise situation of the one special organization, the briefer, adequate document has usually been selected.

For example, the original resolution and declaration of trust of a certain community trust ran to about 2,200 words; it has since grown to a document of 6,800 words. We have taken neither of these, but have used as our example of this type of document a recent resolution and declaration of trust of about 1,300 words, which covers in principle substantially all the items of the long document.

In some instances other considerations have guided the choice. The Wills of Benjamin Franklin and James Smithson are included chiefly for historical reasons. For purposes of international comparison two European foundations, the Nuffield Foundation in England and the Gulbenkian Foundation in Portugal, are represented. Variety has been an important criterion; an attempt was made to include significant documents from at least one perpetuity, dissolving fund, discretionary perpetuity; at least one company-sponsored foundation, family foundation, foundation engaged in unrelated business activities, association of foundations, "captive" foundation; at least one research foundation, special-purpose foundation, community trust, scholarship fund.

The Editor has resisted, but not always with entire success, the individualistic appeal of some of these documents. One such describes the motives of a donor in terms so divergent from some popular assumptions on this subject that a brief paragraph is included here:

WITNESSETH:

That I, Edgar B. Davis, a bachelor, believing that the kind and gracious Providence Who guides the destinies of all humanity, directed me in the search for and the discovery of oil near Luling, Texas; and in our successful management and favorable outcome of the business; and believing that the wealth which has resulted has not come through any virtue or ability of mine but has been given in trust; and desiring to discharge in some measure the trust which has been reposed in me. . . .¹

Such documents throw light on motivations and are often of great human interest, but are beyond the central purposes of this collection. *Legal Instruments of Foundations* is designed primarily to be of service to persons considering setting up foundations, to their lawyer and banker advisers, to the trustees and staffs of existing foundations who may wish to compare their own with other documents of similar purpose, and to the general student of the development of foundations in America. It is not a substitute for skilled legal advice; no single document is here set up as a

¹ *Agreement of the Luling Foundation.*

model of its kind, but a wide variety are presented to stimulate comparison and improvement.

Acknowledgments

Gratitude has already been expressed to Professors Edward C. Elliott and M. M. Chambers for their pathfinding work in *Charters of Philanthropies*. Thanks are due to the more than half hundred foundations that have given permission for the presentation here of one or more of their legal instruments. The Foundation Library Center appreciates also the vastly greater number of such documents which have been made available, from which this selection is made; most of these additional documents are now on file at the Center, where they may be freely consulted. Albert M. Sacks, Professor of Law, Harvard University, served as the legal consultant to this study.

F. EMERSON ANDREWS

Director, Foundation Library Center

January 20, 1958

CHAPTER 1

Acts of Congress

SOME of the earliest foundations were set up by special acts of Congress. Examples include the Smithsonian Institution in 1846, an operating foundation that is in some respects a ward of the United States government; the General Education Board, a Rockefeller benefaction set up in 1903; the Carnegie Institution of Washington, incorporated under District of Columbia laws in 1902 but two years later incorporated by an act of Congress; and The Carnegie Foundation for the Advancement of Teaching, first incorporated in New York State as simply The Carnegie Foundation in 1905, but receiving a broader charter and a revised name under an act of Congress in 1906.

In recent years substantially all foundations have originated through incorporation under the laws of a particular state or as unincorporated charitable trusts, under a trust declaration or resolution, or such device as a will, deed, or indenture. But for historic and comparative purposes, two examples of federal incorporations are here given, together with the Act creating the National Science Foundation.

The National Science Foundation is neither private nor a "foundation," receiving all its funds from tax moneys annually voted. Nevertheless its fields of operation and its grant procedures are similar to those of foundations, and the funds it will disburse in fiscal year 1959 will probably exceed the combined disbursements of the three largest private foundations. Inclusion of its basic statute seemed therefore important.

Smithsonian Institution

[The Smithsonian Institution was established by an Act of Congress in 1846. Since the Institution was in some respects a ward of the government, the original act was modified by frequent amendments and qualifying resolutions. The version presented here represents the Revised Statutes of the United States, 1878, Title LXXIII, with amendments to March 12, 1894.]

REVISED STATUTES OF THE UNITED STATES TITLE LXXIII

PREAMBLE. James Smithson, esquire, of London, in the kingdom of Great Britain, having by his last will and testament given the whole of his property to the United States of America, to found, at Washington, under the name of the "Smithsonian Institution," an establishment for the increase and diffusion of knowledge among men; and the United States having, by an act of Congress, received said property and accepted said trust; therefore, for the faithful execution of said trust, according to the will of the liberal and enlightened donor,

Section 5579. That the President, the Vice-President, the Chief Justice, and the heads of Executive Departments are hereby constituted an establishment by the name of the Smithsonian Institution for the increase and diffusion of knowledge among men, and by that name shall be known and have perpetual succession with the powers, limitations, and restrictions hereinafter contained, and no other.

Section 5580. The business of the Institution shall be conducted at the city of Washington by a Board of Regents, named the Regents of the Smithsonian Institution, to be composed of the Vice-President, the Chief Justice of the United States, and three members of the Senate and three members of the House of Representatives; together with six other persons, other than members of Congress, two of whom shall be resident in the city of Washington; and the other four shall be inhabitants of some State, but no two of them of the same State.

Section 5581. The regents to be selected shall be appointed as follows: The members of the Senate by the President thereof; the members of the House by the Speaker thereof; and the six other persons by joint resolution of the Senate and House of Representatives. The members of the House so appointed shall serve for the term of two years; and on

every alternate fourth Wednesday of December a like number shall be appointed in the same manner, to serve until the fourth Wednesday in December, in the second year succeeding their appointment. The Senators so appointed shall serve during the term for which they shall hold, without re-election, their office as Senators. Vacancies, occasioned by death, resignation, or otherwise, shall be filled as vacancies in committees are filled. The regular term of service for the other six members shall be six years; and new elections thereof shall be made by joint resolutions of Congress. Vacancies occasioned by death, resignation, or otherwise may be filled in like manner by joint resolution of Congress.

Section 5582. The regents shall meet in the city of Washington and elect one of their number as chancellor, who shall be the presiding officer of the Board of Regents, and called the chancellor of the Smithsonian Institution, and a suitable person as Secretary of the Institution, who shall also be the secretary of the Board of Regents. The board shall also elect three of their own body as an executive committee, and the regents shall fix on the time for the regular meetings of the board; and, on application of any three of the regents to the Secretary of the institution, it shall be his duty to appoint a special meeting of the Board of Regents, of which he shall give notice, by letter, to each of the members; and, at any meeting of the board, five shall constitute a quorum to do business. Each member of the board shall be paid his necessary traveling and other actual expenses, in attending meetings of the board, which shall be audited by the executive committee, and recorded by the Secretary of the board; but his service as regent shall be gratuitous.

Section 5583. The Secretary of the Board of Regents shall take charge of the building and property of the institution, and shall, under their direction, make a fair and accurate record of all their proceedings, to be preserved in the institution; and shall also discharge the duties of librarian and of keeper of the museum, and may, with the consent of the Board of Regents, employ assistants.

Section 5584. The Secretary and his assistants shall, respectively, receive for their services such sum as may be allowed by the Board of Regents, to be paid semi-annually on the first day of January and July; and shall be removable by the Board of Regents, whenever, in their judgment, the interests of the institution require such removal.

Section 5585. The members and honorary members of the institution may hold stated and special meetings, for the supervision of the affairs of the institution and the advice and instruction of the Board of Regents, to be called in the manner provided for in the by-laws of the institution, at which the President, and in his absence the Vice-President, shall preside.

Section 5586. Whenever suitable arrangements can be made from time to time for their reception, all objects of art and of foreign and curious research, and all objects of natural history, plants, and geological and mineralogical specimens belonging to the United States, which may be in the city of Washington, in whosoever custody they may be, shall be delivered to such persons as may be authorized by the Board of Regents to receive them, and shall be so arranged and classified in the building erected for the institution as best to facilitate the examination and study of them; and whenever new specimens in natural history, geology, or mineralogy are obtained for the museum of the institution, by exchanges of duplicate specimens, which the regents may in their discretion make, or by donation, which they may receive, or otherwise, the regents shall cause such new specimens to be appropriately classed and arranged. The minerals, books, manuscripts, and other property of James Smithson, which have been received by the Government of the United States, shall be preserved separate and apart from other property of the institution.

Section 5587. The regents shall make, from the interest of the fund, an appropriation, not exceeding an average of twenty-five thousand dollars annually, for the gradual formation of a library composed of valuable works pertaining to all departments of human knowledge.

Section 5588. The site and lands selected for buildings for the Smithsonian Institution shall be deemed appropriated to the institution, and the record of the description of such site and lands, or a copy thereof, certified by the chancellor and Secretary of the Board of Regents, shall be received as evidence in all courts of the extent and boundaries of the lands appropriated to the institution.

Section 5589. All laws for the protection of public property in the city of Washington shall apply to, and be in force for, the protection of the lands, buildings, and other property of the Smithsonian Institution. All moneys recovered by or accruing to, the institution shall be paid into the Treasury of the United States, to the credit of the Smithsonian bequest, and separately accounted for.

Section 5590. So much of the property of James Smithson as has been received in money, and paid into the Treasury of the United States, being the sum of five hundred and forty-one thousand three hundred and seventy-nine dollars and sixty-three cents, shall be lent to the United States Treasury, at six per centum per annum interest; and six per centum interest on the trust-fund and residuary legacy received into the United States Treasury, payable in half-yearly payments, on the first of January and July in each year, is hereby appropriated for the perpetual maintenance and support of the Smithsonian Institution; and

all expenditures and appropriations to be made, from time to time, to the purposes of the institution shall be exclusively from the accruing interest, and not from the principal of the fund. All the moneys and stocks which have been, or may hereafter be, received into the Treasury of the United States, on account of the fund bequeathed by James Smithson, are hereby pledged to refund to the Treasury of the United States the sums hereby appropriated.

Section 5591. The Secretary of the Treasury is authorized and directed to receive into the Treasury, on the same terms as the original bequest of James Smithson, such sums as the regents may, from time to time, see fit to deposit, not exceeding, with the original bequest, the sum of one million dollars.

Provided, That this shall not operate as a limitation on the power of the Smithsonian Institution to receive money or other property by gift, bequest, or devise, and to hold and dispose of the same in promotion of the purposes thereof.

Section 5592. The regents are authorized to make such disposal of any other moneys which have accrued, or shall hereafter accrue, as interest upon the Smithsonian fund, not herein appropriated, or not required for the purposes herein provided, as they shall deem best suited for the promotion of the purposes of the testator.

Section 5593. Whenever money is required for the payment of the debts or performance of the contracts of the institution, incurred or entered into in conformity with the provisions of this Title, or for making the purchases and executing the objects authorized by this Title, the Board of Regents, or the executive committee thereof, may certify to the chancellor and Secretary of the board that such sum of money is required, whereupon they shall examine the same, and, if they shall approve thereof, shall certify the same to the proper officer of the Treasury for payment. The board shall submit to Congress, at each session thereof, a report of the operations, expenditures, and condition of the Institution.

Section 5594. Congress may alter, amend, add to, or repeal any of the provisions of this Title; but no contract or individual right made or acquired under such provisions shall be thereby divested or impaired.

SOURCE: *The Smithsonian Institution: Revised Statutes of the United States, 1878, Title LXXIII, With Amendments to March 12, 1894.* The Institution, Washington, undated. 8 pp. For the present slightly revised version of the statute see U.S.C.A., secs. 41-67 (1956).

The Carnegie Foundation for the Advancement of Teaching

[*This Act sets up a special-purpose foundation, but in terms broad enough to permit wide impact on educational standards and practices. It includes the controversial nonsectarian provision.*]

AN ACT

To incorporate The Carnegie Foundation for the Advancement
of Teaching

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the persons following, namely, ARTHUR T. HADLEY, CHARLES WILLIAM ELIOT, NICHOLAS MURRAY BUTLER, JACOB G. SCHURMAN, WOODROW WILSON, L. CLARK SEELYE, CHARLES C. HARRISON, ALEXANDER C. HUMPHREYS, S. B. McCORMICK, EDWIN B. CRAIGHEAD, HENRY C. KING, CHARLES F. THWING, THOMAS McCLELLAND, EDWIN H. HUGHES, H. McCLELLAND BELL, GEORGE H. DENNY, WILLIAM PETERSON, SAMUEL PLANTZ, DAVID S. JORDAN, WILLIAM H. CRAWFORD, HENRY S. PRITCHETT, FRANK A. VANDERLIP, T. MORRIS CARNEGIE, ROBERT A. FRANKS, their associates and successors duly chosen, are hereby incorporated and declared to be a body corporate in the District of Columbia by the name of The Carnegie Foundation for the Advancement of Teaching, and by that name shall be known and have perpetual succession, with the powers, limitations and restrictions herein contained.

Section 2. That the objects for which said corporation is incorporated shall be

(a) To receive and maintain a fund or funds and apply the income thereof as follows:

To provide retiring pensions, without regard to race, sex, creed, or color, for the teachers of universities, colleges and technical schools in the United States, the Dominion of Canada, and Newfoundland, who, by reason of long and meritorious service, or by reason of old age, disability, or other sufficient reason, shall be deemed entitled to the assistance and aid of this corporation, on such terms and conditions, however, as such corporation may from time to time approve and adopt; *Provided, however,* That the said retiring pensions shall be paid to such

teachers only as are or have been connected with institutions not under control of a sect or which do not require their trustees, their officers, faculties, or students (or a majority thereof) to belong to any specified sect, and which do not impose any theological test as a condition of entrance therein or of connection therewith.

(b) In general, to do and perform all things necessary to encourage, uphold, and dignify the profession of the teacher and the cause of higher education within the United States, the Dominion of Canada, and Newfoundland aforesaid, and to promote the objects of the foundation, with full power, however, to the trustees hereinafter appointed and their successors from time to time to modify the conditions and regulations under which the work shall be carried on, so as to secure the application of the funds in the manner best adapted to the conditions of the time: *And provided*, That such corporation may by a vote of two-thirds of the entire number of trustees enlarge or vary the purposes herein set forth, provided that the objects of the corporation shall at all times be among the foregoing or kindred thereto.

(c) To receive and hold by gift, bequest, devise, grant, or purchase, any real or personal property, and to use and dispose of the same for the purposes of the corporation.

Section 3. That the direction and management of the affairs of the corporation, and the control and disposition of its property and funds, shall be vested in a board of trustees, twenty-five in number, to be composed of the following individuals: [names repeated], being twenty-four in number with power to said board to increase the same to twenty-five in all, who shall constitute the first board of trustees and constitute the members of the corporation. Vacancies occurring by death, resignation, or otherwise shall be filled by the remaining trustees in such manner as the by-laws shall prescribe, and the persons so elected shall thereupon become trustees and also members of the corporation.

Section 4. The principal office of the corporation shall be located in the District of Columbia, but offices may be maintained and meetings of the corporation or the trustees and committees may be held in other places such as the by-laws may from time to time fix.

Section 5. That the said trustees shall be entitled to take, hold, and administer any securities, funds, or property which may be transferred to them for the purposes and objects hereinbefore enumerated, and such other funds or property as may at any time be given, devised, or bequeathed to them, or to such corporation, for the purposes of the trust; with full power from time to time to adopt a common seal, to appoint officers, whether members of the board of trustees or otherwise, and

such employees as may be deemed necessary in carrying on the business of the corporation and at such salaries or with such remuneration as they may think proper; and full power to adopt by-laws and such rules or regulations as may be necessary to secure the safe and convenient transaction of the business of the corporation; and full power and discretion to invest any principal and deal with and expend the income of the corporation in such manner as in their judgment will best promote the objects hereinbefore set forth; and in general to have and use all the powers and authority necessary to promote such objects and carry out the purposes of the donor.

The said trustees shall have further power from time to time to hold as investments any securities transferred or which may be transferred to them or to such corporation by any person, persons, or corporation, to invest the same or any part thereof from time to time in such securities and in such form and manner as is or may be permitted to trustees or to savings banks or to charitable or literary corporations for investment, according to the laws of the District of Columbia or in such securities as may be transferred to them or authorized for investment by any deed of trust or gift or by any deed of gift or last will and testament to be hereafter made or executed.

Section 6. That the said corporation may take and hold any additional donations, grants, devises, or bequests which may be made in the further support of the purposes of the said corporation.

Section 7. That the services of the trustees of the said corporation, acting as such trustees, shall be gratuitous, but such corporation may provide for the reasonable expenses incurred by trustees in the performance of their duties.

Section 8. That as soon as may be possible after the passage of this Act, a meeting of the trustees hereinbefore named shall be called by HENRY S. PRITCHETT, CHARLES WILLIAM ELIOT, ARTHUR T. HADLEY, NICHOLAS MURRAY BUTLER, WOODROW WILSON, JACOB G. SCHURMAN, CHARLES C. HARRISON, ALEXANDER C. HUMPHREYS, and GEORGE H. DENNY, or any six of them, at the Borough of Manhattan, in the city and State of New York, by notice served in person or by mail addressed to each trustee at his place of residence; and the said trustees named herein, or a majority thereof, being assembled, shall organize and proceed to adopt by-laws, to elect officers, fix their compensation, and generally to organize the said corporation.

The corporation hereby incorporated may accept a transfer of all the real and personal property of any other corporation created for similar objects, notwithstanding the fact that both said corporations may have common trustees, upon such terms as may be agreed upon, and may

receive, take over, and enter into possession, custody, and management of all such property, real and personal: *Provided, however,* That such property shall be applied to the purposes of the corporation hereby incorporated as hereinbefore set forth.

Section 9. That such corporation hereby incorporated upon accepting a transfer of all the real and personal property of such other corporation shall succeed to the obligations and liabilities and be held liable to pay and discharge all the debts, liabilities, and contracts of such corporation so existing to the same effect as if such corporation hereby incorporated had itself incurred the obligation or liability to pay such debt or damages.

Section 10. That Congress may from time to time alter, repeal, or modify this Act of incorporation, but no contract or individual right made or acquired shall thereby be divested or impaired.

Section 11. That this Act shall take effect immediately on its passage.

Approved March 10, 1906.

SOURCE: Savage, Howard J., *Fruit of an Impulse: Forty-Five Years of The Carnegie Foundation, 1905-1950*. Harcourt, Brace and Company, New York, 1953, pp. 362-365.

National Science Foundation

[After extensive debate, including Presidential veto and later amendment, National Science Foundation was created by Public Law 507 by the 81st Congress. The Act encourages geographical diversity in Board membership and grants, limits consecutive service on the Board and Executive Committee, and requires a loyalty oath for assisted scholars or fellows.]

AN ACT

To promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Science Foundation Act of 1950."

ESTABLISHMENT OF NATIONAL SCIENCE FOUNDATION

Section 2. There is hereby established in the executive branch of the Government an independent agency to be known as the National Science Foundation (hereinafter referred to as the "Foundation"). The Foundation shall consist of a National Science Board (hereinafter referred to as the "Board") and a Director.

FUNCTIONS OF THE FOUNDATION

Section 3. (a) The Foundation is authorized and directed—

(1) to develop and encourage the pursuit of a national policy for the promotion of basic research and education in the sciences;

(2) to initiate and support basic scientific research in the mathematical, physical, medical, biological, engineering, and other sciences, by making contracts or other arrangements (including grants, loans, and other forms of assistance) for the conduct of such basic scientific research and to appraise the impact of research upon industrial development and upon the general welfare;

(3) at the request of the Secretary of Defense, to initiate and support specific scientific research activities in connection with matters relating to the national defense by making contracts or other arrangements (including grants, loans, and other forms of assistance) for the conduct of such scientific research;

(4) to award, as provided in section 10, scholarships and graduate fellowships in the mathematical, physical, medical, biological, engineering, and other sciences;

(5) to foster the interchange of scientific information among scientists in the United States and foreign countries;

(6) to evaluate scientific research programs undertaken by agencies of the Federal Government, and to correlate the Foundation's scientific research programs with those undertaken by individuals and by public and private research groups;

(7) to establish such special commissions as the Board may from time to time deem necessary for the purposes of this Act; and

(8) to maintain a register of scientific and technical personnel and in other ways provide a central clearinghouse for information covering all scientific and technical personnel in the United States, including its Territories and possessions.

(b) In exercising the authority and discharging the functions referred to in subsection (a) of this section, it shall be one of the objectives of the Foundation to strengthen basic research and education in the sciences, including independent research by individuals, throughout the United States, including its Territories and possessions, and to avoid undue concentration of such research and education.

(c) The Foundation shall render an annual report to the President for submission on or before the 15th day of January of each year to the Congress, summarizing the activities of the Foundation and making such recommendations as it may deem appropriate. Such report shall include (1) minority views and recommendations if any, of members of the Board, and (2) information as to the acquisition and disposition by the Foundation of any patents and patent rights.

NATIONAL SCIENCE BOARD

Section 4. (a) The Board shall consist of twenty-four members to be appointed by the President, by and with the advice and consent of the Senate, and of the Director *ex officio*, and shall, except as otherwise provided in this Act, exercise the authority granted to the Foundation by this Act. The persons nominated for appointment as members (1) shall be eminent in the fields of the basic sciences, medical science, engineering, agriculture, education, or public affairs; (2) shall be selected solely on the basis of established records of distinguished service; and (3) shall be so selected as to provide representation of the views of scientific leaders in all areas of the Nation. The President is requested, in the making of nominations of persons for appointment as members, to give due consideration to any recommendations for nomination which may be submitted to him by the National Academy of Sciences,

the Association of Land Grant Colleges and Universities, the National Association of State Universities, the Association of American Colleges, or by other scientific or educational organizations.

(b) The term of office of each voting member of the Board shall be six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of enactment of this Act shall expire, as designated by the President at the time of appointment, eight at the end of two years, eight at the end of four years, and eight at the end of six years, after the date of enactment of this Act. Any person who has been a member of the Board for twelve consecutive years shall thereafter be ineligible for appointment during the two-year period following the expiration of such twelfth year.

(c) The President shall call the first meeting of the Board, at which the first order of business shall be the election of a chairman and a vice chairman.

(d) The Board shall meet annually on the first Monday in December and at such other times as the Chairman may determine, but he shall also call a meeting whenever one-third of the members so request in writing. A majority of the voting members of the Board shall constitute a quorum. Each member shall be given notice, by registered mail mailed to his last-known address of record not less than fifteen days prior to any meeting, of the call of such meeting.

(e) The first Chairman and Vice Chairman of the Board shall be elected by the Board to serve until the first Monday in December next succeeding the date of election at which time a Chairman and Vice Chairman shall be elected for a term of two years. Thereafter such election shall take place at the annual meeting occurring at the end of each such term. The Vice Chairman shall perform the duties of the Chairman in his absence. In case a vacancy occurs in the chairmanship or vice chairmanship, the Board shall elect a member to fill such vacancy.

DIRECTOR OF THE FOUNDATION

Section 5. (a) There shall be a Director of the Foundation who shall be appointed by the President, by and with the advice and consent of the Senate. The Board may make recommendations to the President with respect to the appointment of the Director, and the Director shall not be appointed until the Board has had an opportunity to make such recommendations. He shall serve as a nonvoting ex officio member of the Board. In addition thereto he shall be the chief executive officer of the Foundation. The Director [shall receive compensation at the rate of

\$15,000 per annum and]¹ shall serve for a term of six years unless sooner removed by the President.

(b) In addition to the powers and duties specifically vested in him by this Act, the Director shall, in accordance with the policies established by the Board, exercise the powers granted by sections 10 and 11 of this Act, together with such other powers and duties as may be delegated to him by the Board; but no final action shall be taken by the Director in the exercise of any power granted by section 10 or 11 (c) unless in each instance the Board has reviewed and approved the action proposed to be taken.

POWER TO CREATE COMMITTEES

Section 6 (a) The Board is authorized to appoint from among its members an Executive Committee, and to assign to the Executive Committee such of the powers and functions granted to the Board by this Act as it deems appropriate; except that the Board may not assign to the Executive Committee the function of establishing policies, or the function of review and approval (except review and approval of minor modifications of contracts or other arrangements previously approved by the Board), to be exercised by the Board in accordance with section 5 (b).

(b) If an Executive Committee is established by the Board—

(1) Such Committee shall consist of the Director, as a nonvoting ex officio member, and nine other members elected by the Board from among their number.

(2) The term of office of each voting member of such Committee shall be two years, except that (A) any member elected to fill a vacancy occurring prior to the expiration of the term for which his predecessor was elected shall be elected for the remainder of such term; and (B) the term of office of four of the members first elected after the date of enactment of this Act shall be one year.

(3) Any person who has been a member of such Committee for six consecutive years shall thereafter be ineligible for election during the two-year period following the expiration of such sixth year.

(4) The membership of such Committee shall, so far as practicable, be representative of diverse interests and shall be so chosen as to provide representation, so far as practicable, for all areas of the Nation.

(5) Such Committee shall render an annual report to the Board, and such other reports as it may deem necessary, summarizing its activities and making such recommendations as it may deem appro-

¹ Salary set at \$20,000 by Public Law 854, 84th Congress, Federal Executive Pay Act, 1956.

priate. Minority views and recommendations, if any, of members of the Executive Committee shall be included in such reports.

(c) The Board is authorized to appoint from among its members or otherwise such committees as it deems necessary, and to assign to committees so appointed such survey and advisory functions as the Board deems appropriate for the purposes of this Act.

DIVISIONS WITHIN THE FOUNDATION

Section 7. (a) Until otherwise provided by the Board there shall be within the Foundation the following divisions:

(1) A Division of Medical Research;

(2) A Division of Mathematical, Physical, and Engineering Sciences;

(3) A Division of Biological Sciences; and

(4) A Division of Scientific Personnel and Education, which shall be concerned with programs of the Foundation relating to the granting of scholarships and graduate fellowships in the mathematical, physical, medical, biological, engineering, and other sciences.

(b) There shall also be within the Foundation such other divisions as the Board may, from time to time, deem necessary.

DIVISIONAL COMMITTEES

Section 8. (a) There shall be a committee for each division of the Foundation.

(b) Each divisional committee shall be appointed by the Board and shall consist of not less than five persons who may be members or non-members of the Board.

(c) The terms of members of each divisional committee shall be two years. Each divisional committee shall annually elect its own chairman from among its own members and shall prescribe its own rules of procedure subject to such restrictions as may be prescribed by the Board.

(d) Each divisional committee shall make recommendations to, and advise and consult with, the Board and the Director with respect to matters relating to the program of its division.

SPECIAL COMMISSIONS

Section 9. (a) Each special commission established pursuant to section 3 (a) (7) shall consist of eleven members appointed by the Board, six of whom shall be eminent scientists and five of whom shall be persons other than scientists. Each special commission shall choose its own chairman and vice chairman.

(b) It shall be the duty of each such special commission to make a comprehensive survey of research, both public and private, being carried on in its field, and to formulate and recommend to the Foundation at the earliest practicable date an over-all research program in its field.

SCHOLARSHIPS AND GRADUATE FELLOWSHIPS

Section 10. The Foundation is authorized to award, within the limits of funds made available specifically for such purpose pursuant to section 16, scholarships and graduate fellowships for scientific study or scientific work in the mathematical, physical, medical, biological, engineering, and other sciences at accredited nonprofit American or nonprofit foreign institutions of higher education, selected by the recipient of such aid, for stated periods of time. Persons shall be selected for such scholarships and fellowships from among citizens of the United States, and such selections shall be made solely on the basis of ability; but in any case in which two or more applicants for scholarships or fellowships, as the case may be, are deemed by the Foundation to be possessed of substantially equal ability, and there are not sufficient scholarships or fellowships, as the case may be, available to grant one to each of such applicants, the available scholarship or scholarships or fellowship or fellowships shall be awarded to the applicants in such manner as will tend to result in a wide distribution of scholarships and fellowships among the States, Territories, possessions, and the District of Columbia.

GENERAL AUTHORITY OF FOUNDATION

Section 11. The Foundation shall have the authority, within the limits of available appropriations, to do all things necessary to carry out the provisions of this Act, including, but without being limited thereto, the authority—

(a) to prescribe such rules and regulations as it deems necessary governing the manner of its operations and its organization and personnel;

(b) to make such expenditures as may be necessary for administering the provisions of this Act;

(c) to enter into contracts or other arrangements, or modifications thereof, for the carrying on, by organizations or individuals in the United States and foreign countries, including other government agencies of the United States and of foreign countries, of such basic scientific research activities as the Foundation deems necessary to carry out the purposes of this Act, and, at the request of the Secretary of Defense, specific scientific research activities in connection with matters relating to the national defense, and, when deemed appro-

priate by the Foundation, such contracts or other arrangements, or modifications thereof, may be entered into without legal consideration, without performance or other bonds, and without regard to section 3709 of the Revised Statutes;

(d) to make advance, progress, and other payments which relate to scientific research without regard to the provisions of section 3648 of the Revised Statutes (31 U.S.C., sec. 529);

(e) to acquire by purchase, lease, loan, or gift, and to hold and dispose of by sale, lease, or loan, real and personal property of all kinds necessary for, or resulting from, the exercise of authority granted by this Act;

(f) to receive and use funds donated by others, if such funds are donated without restriction other than that they be used in furtherance of one or more of the general purposes of the Foundation;

(g) to publish or arrange for the publication of scientific and technical information so as to further the full dissemination of information of scientific value consistent with the national interest, without regard to the provisions of section 87 of the Act of January 12, 1895 (28 Stat. 622), and Section 11 of the Act of March 1, 1919 (40 Stat. 1270; 44 U.S.C., sec. 111);

(h) to accept and utilize the services of voluntary and uncompensated personnel and to provide transportation and subsistence as authorized by section 5 of the Act of August 2, 1946 (5 U.S.C. 73b-2) for persons serving without compensation; and

(i) to prescribe, with the approval of the Comptroller General of the United States, the extent to which vouchers for funds expended under contracts for scientific research shall be subject to itemization or substantiation prior to payment, without regard to the limitations of other laws relating to the expenditure of public funds and accounting therefor.

PATENT RIGHTS

Section 12. (a) Each contract or other arrangement executed pursuant to this Act which relates to scientific research shall contain provisions governing the disposition of inventions produced thereunder in a manner calculated to protect the public interest and the equities of the individual or organization with which the contract or other arrangement is executed: *Provided, however,* That nothing in this Act shall be construed to authorize the Foundation to enter into any contractual or other arrangement inconsistent with any provision of law affecting the issuance or use of patents.

(b) No officer or employee of the Foundation shall acquire, retain, or transfer any rights, under the patent laws of the United States or

otherwise, in any invention which he may make or produce in connection with performing his assigned activities and which is directly related to the subject matter thereof: *Provided, however,* That this subsection shall not be construed to prevent any officer or employee of the Foundation from executing any application for patent on any such invention for the purpose of assigning the same to the Government or its nominee in accordance with such rules and regulations as the Director may establish.

INTERNATIONAL COOPERATION AND COORDINATION WITH FOREIGN POLICY

Section 13. (a) The Foundation is hereby authorized to cooperate in any international scientific research activities consistent with the purposes of this Act and to expend for such international scientific research activities such sums within the limit of appropriated funds as the Foundation may deem desirable. The Director, with the approval of the Board, may defray the expenses of representatives of Government agencies and other organizations and of individual scientists to accredited international scientific congresses and meetings whenever he deems it necessary in the promotion of the objectives of this Act.

(b) (1) The authority to enter into contracts or other arrangements with organizations or individuals in foreign countries and with agencies of foreign countries, as provided in section 11 (c), and the authority to cooperate in international scientific research activities as provided in subsection (a) of this section, shall be exercised only with the approval of the Secretary of State, to the end that such authority shall be exercised in such manner as is consistent with the foreign policy objectives of the United States.

(2) If, in the exercise of the authority referred to in paragraph (1) of this subsection, negotiation with foreign countries or agencies thereof becomes necessary, such negotiation shall be carried on by the Secretary of State in consultation with the Director.

MISCELLANEOUS PROVISIONS

Section 14. (a) The Director shall, in accordance with such policies as the Board shall from time to time prescribe, appoint and fix the compensation of such personnel as may be necessary to carry out the provisions of this Act. Such appointments shall be made and such compensation shall be fixed in accordance with the provisions of the civil-service laws and regulations and the Classification Act of 1949: *Provided,* That the Director may, in accordance with such policies as the Board shall from time to time prescribe, employ such technical and pro-

fessional personnel and fix their compensation, without regard to such laws, as he may deem necessary for the discharge of the responsibilities of the Foundation under this Act. The Deputy Director hereinafter provided for, and the members of the divisional committees and special commissions, shall be appointed without regard to the civil-service laws or regulations. Neither the Director nor the Deputy Director shall engage in any other business, vocation, or employment than that of serving as such Director or Deputy Director, as the case may be; nor shall the Director or Deputy Director, except with the approval of the Board, hold any office in, or act in any capacity for, any organization, agency, or institution with which the Foundation makes any contract or other arrangement under this Act.

(b) The Director may appoint, with the approval of the Board, a Deputy Director who shall perform such functions as the Director, with the approval of the Board, may prescribe and shall be Acting Director during the absence or disability of the Director or in the event of a vacancy in the Office of the Director.

(c) The Foundation shall not, itself, operate any laboratories or pilot plants.

(d) The members of the Board, and the members of each divisional committee, or special commission, shall receive compensation at the rate of \$25 for each day engaged in the business of the Foundation pursuant to authorization of the Foundation, and shall be allowed travel expenses as authorized by section 5 of the Act of August 2, 1946 (5 U.S.C. 73b-2).

(e) Persons holding other offices in the executive branch of the Federal Government may serve as members of the divisional committees and special commissions, but they shall not receive remuneration for their services as such members during any period for which they receive compensation for their services in such other offices.

(f) Service of an individual as a member of the Board, of a divisional committee, or of a special commission shall not be considered as service bringing him within the provisions of section 281, 283, or 284 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U.S.C., sec. 99), unless the act of such individual, which by such section is made unlawful when performed by an individual referred to in such section, is with respect to any particular matter which directly involves the Foundation or in which the Foundation is directly interested.

(g) In making contracts or other arrangements for scientific research, the Foundation shall utilize appropriations available therefor in such manner as will in its discretion best realize the objectives of (1) having the work performed by organizations, agencies, and institutions, or individuals in the United States or foreign countries, including Government agencies of the United States and of foreign countries, qualified by

training and experience to achieve the results desired, (2) strengthening the research staff of organizations, particularly nonprofit organizations, in the States, Territories, possessions, and the District of Columbia, (3) aiding institutions, agencies, or organizations which, if aided, will advance basic research, and (4) encouraging independent basic research by individuals.

(h) Funds available to any department or agency of the Government for scientific or technical research, or the provision of facilities therefore, shall be available for transfer, with the approval of the head of the department or agency involved, in whole or in part, to the Foundation for such use as is consistent with the purposes for which such funds were provided, and funds so transferred shall be expendable by the Foundation for the purposes for which the transfer was made, and, until such time as an appropriation is made available directly to the Foundation, for general administrative expenses of the Foundation without regard to limitations otherwise applicable to such funds.

(i) The National Roster of Scientific and Specialized Personnel shall be transferred from the United States Employment Service to the Foundation, together with such records and property as have been utilized or are available for use in the administration of such roster as may be determined by the President. The transfer provided for in this subsection shall take effect at such time or times as the President shall direct.

SECURITY PROVISIONS

Section 15. (a) The Foundation shall not support any research or development activity in the field of nuclear energy, nor shall it exercise any authority pursuant to section 11 (e) in respect to that field, without first having obtained the concurrence of the Atomic Energy Commission that such activity will not adversely affect the common defense and security. To the extent that such activity involves restricted data as defined in the Atomic Energy Act of 1946 the provisions of that Act regarding the control of the dissemination of restricted data and the security clearance of those individuals to be given access to restricted data shall be applicable. Nothing in this Act shall supersede or modify any provision of the Atomic Energy Act of 1946.

(b) (1) In the case of scientific or technical research activities under this Act in connection with matters relating to the national defense, with respect to which funds have been transferred to the Foundation from the Department of Defense in accordance with the provisions of section 14 (h) of this Act, the Secretary of Defense shall establish such security requirements and safeguards, including restrictions with respect to access to information and property, as he deems necessary.

(2) In the case of scientific research activities under this Act in connection with matters relating to the national defense other than research activities referred to in paragraph (1) of this subsection, the Foundation shall establish such security requirements and safeguards, including restrictions with respect to access to information and property, as it deems necessary.

(3) Any agency of the Government exercising investigatory functions is hereby authorized to make such investigations and reports as may be requested by the Foundation in connection with the enforcement of security requirements and safeguards, including restrictions with respect to access to information and property, established under paragraph (1) or (2) of this subsection.

(c) No employee of the Foundation shall be permitted to have access to information or property with respect to which access restrictions have been established under subsection (b) (1) or (2) until the Federal Bureau of Investigation¹ shall have made an investigation into the character, associations, and loyalty of such individual and shall have reported the findings of said investigation to the Foundation, and the Foundation shall have determined that permitting such individual to have access to such information or property will not endanger the common defense and security.

(d) No part of any funds appropriated or otherwise made available for expenditure by the Foundation under authority of this Act shall be used to make payments under any scholarship or fellowship to any individual unless such individual (1) has executed and filed with the Foundation an affidavit that he does not believe in, and is not a member of and does not support any organization that believes in or teaches, the overthrow of the United States Government by force or violence or by any illegal or unconstitutional methods, and (2) has taken and subscribed to an oath or affirmation in the following form: "I do solemnly swear (or affirm) that I will bear true faith and allegiance to the United States of America and will support and defend the Constitution and laws of the United States against all its enemies, foreign and domestic." The provisions of section 1001 of title 18, United States Code, shall be applicable with respect to such affidavits.

APPROPRIATIONS

Section 16. (a) To enable the Foundation to carry out its powers and duties, there is hereby authorized to be appropriated to the Foundation, out of any money in the Treasury not otherwise appropriated, not

¹ Amendment: Strike out "Federal Bureau of Investigation"; insert "Civil Service Commission."

to exceed \$500,000 for the fiscal year ending June 30, 1951, and not to exceed \$15,000,000 for each fiscal year thereafter.¹

(b) Appropriations made pursuant to the authority provided in subsection (a) of this section shall remain available for obligation, for expenditure, or for obligation and expenditure, for such period or periods as may be specified in the Acts making such appropriations.

Approved May 10, 1950.

SOURCE: *Public Law 507—81st Congress*. Government Printing Office, Washington, undated. 9 pp.

¹ Amendment: Strike out "not to exceed \$500,000 . . . thereafter;" insert "such sums as may be necessary to carry out the provisions of this act."

Acts of State Legislatures

IN THE FIRST TWO DECADES of this century foundations were still a new type of organization, not numerous, and likely to be large. A number of them were incorporated by special acts of the legislatures of the states within which they were domiciled. The act was usually a brief charter, indicating general purpose and underlying powers, but leaving to a later constitution or by-laws the spelling out of organizational structure.

As nonprofit corporations grew in number, the states began to set up regular procedures for their organization under not-for-profit or membership corporation laws. Incorporation under these procedures is a relatively simple matter, and it does not involve special legislative sponsorship with the possibility that conditions or restrictions may be imposed that are unacceptable to the prospective donors. Moreover, with new foundations being created at a rate of 1,500 a year, special legislative acts for each of them would become an intolerable burden.

Because such acts have little present pertinence, few examples are given. Only one is later than 1920: the Act creating the Commonwealth Mental Health Research Foundation in Pennsylvania, which is a semi-governmental institution.

Russell Sage Foundation

[In order to present the complete documentation for at least one foundation, we have included here the New York State Law signed on April 11, 1907, creating the Foundation and serving as its charter, and in subsequent chapters Mrs. Sage's Letter of Gift and the Constitution, which serves also as by-laws.]

CHARTER OF RUSSELL SAGE FOUNDATION

Chapter 140, Laws of 1907

Section 1. Margaret Olivia Sage, Robert W. de Forest, Cleveland H. Dodge, Daniel C. Gilman, John M. Glenn, Helen Gould, Gertrude M. Rice, and Louisa L. Schuyler, together with such persons as they may associate with themselves, and their successors, are hereby constituted a body corporate by the name of Russell Sage Foundation, for the purpose of receiving and maintaining a fund or funds and applying the income thereof to the improvement of social and living conditions in the United States of America. It shall be within the purposes of said corporation to use any means to that end which from time to time shall seem expedient to its members or trustees, including research, publication, education, the establishment and maintenance of charitable or benevolent activities, agencies and institutions, and the aid of any such activities, agencies or institutions already established.

Section 2. The corporation hereby formed shall have power to take and hold, by bequest, devise, gift, purchase or lease, either absolutely or in trust, for any of its purposes, any property, real or personal, without limitation as to amount or value, except such limitation, if any, as the legislature shall hereafter impose, to convey such property and to invest and reinvest any principal and deal with and expend the income of the corporation in such manner as in the judgment of its trustees will best promote its objects. It shall have all the power and be subject to all the restrictions which now pertain by law to membership corporations so far as the same are applicable thereto and are not inconsistent with the provisions of this act. The persons named in the first section of this act or a majority of them shall hold a meeting and organize the corporation and adopt a constitution and by-laws not inconsistent with the constitution and laws of this state. The constitution shall prescribe the qualifications of members, the number of members who shall constitute a quorum for the transaction of business at meetings

of the corporation, the number of trustees by whom the business and affairs of the corporation shall be managed; the qualifications, powers, and the manner of selection of the trustees and officers of the corporation, and any other provisions for the management and disposition of the property and regulation of the affairs of the corporation which may be deemed expedient.

Section 3. This act shall take effect immediately.

SOURCE: *Laws of the State of New York*, passed at the 130th Session of the Legislature, vol. 1, p. 187.

The Rockefeller Foundation

[This is a brief, general, legalistic charter leaving details to be spelled out by later "constitution and by-laws." This original charter was a part of the New York Laws of 1913, Chapter 488, approved May 14, 1913. It followed an abortive attempt to secure a federal charter.]

AN ACT TO INCORPORATE THE ROCKEFELLER FOUNDATION

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. John D. Rockefeller, John D. Rockefeller, Junior, Frederick T. Gates, Harry Pratt Judson, Simon Flexner, Starr J. Murphy, Jerome D. Greene, Wickliffe Rose, and Charles O. Heydt, together with such persons as they may associate with themselves, and their successors, are hereby constituted a body corporate by the name of The Rockefeller Foundation, for the purpose of receiving and maintaining a fund or funds, and applying the income and principal thereof to promote the well-being of mankind throughout the world. It shall be within the purposes of said corporation to use, as means to that end, research, publication, the establishment and maintenance of charitable, benevolent, religious, missionary, and public educational activities, agencies, and institutions, and the aid of any such activities, agencies, and institutions already established and any other means and agencies which from time to time shall seem expedient to its members or trustees.

2. The corporation hereby formed shall have power to take and hold by bequest, devise, gift, purchase, or lease, either absolutely or in trust, for any of its purposes, any property, real or personal, without limitation as to amount or value, except such limitations, if any, as the legislature shall hereafter specifically impose; to convey such property and to invest and reinvest any principal; and to deal with and expend the income and principal of the corporation in such manner as in the judgment of the trustees will best promote its objects. It shall have all the power and be subject to all the restrictions which now pertain by law to membership corporations created by special law so far as the same are applicable thereto and are not inconsistent with the provisions of this act. The persons named in the first section of this act, or a majority of them, shall hold a meeting and organize the corporation and

adopt a constitution and by-laws not inconsistent with the constitution and laws of this state. The constitution shall prescribe the manner of selection of members, the number of members who shall constitute a quorum for the transaction of business at meetings of the corporation, the number of trustees by whom the business and affairs of the corporation shall be managed, the qualifications, powers, and the manner of selection of the trustees and officers of the corporation, the manner of amending the constitution and by-laws of the corporation, and any other provisions for the management and disposition of the property and regulation of the affairs of the corporation which may be deemed expedient.

3. No officer, member, or employee of this corporation shall receive or be lawfully entitled to receive any pecuniary profit from the operations thereof except reasonable compensation for services in effecting one or more of its purposes, or as a proper beneficiary of its strictly charitable purposes.

4. This act shall take effect immediately.

SOURCE: *The Rockefeller Foundation: Charter and By-Laws*. The Foundation, New York, 1955, pp. 2-4.

Juilliard Musical Foundation

[This Foundation was incorporated by a special Act of the New York State legislature, which became a law on March 30, 1920. It was set up as a perpetual special-purpose foundation, with music as its field.]

CHAPTER 89

AN ACT to incorporate Juilliard Musical Foundation

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. In order to effectuate the testamentary purposes of Augustus D. Juilliard, late of Tuxedo, New York, to create and maintain a musical foundation to aid worthy students of music in securing a complete and adequate musical education and to foster and advance the musical arts, Frederic A. Juilliard, George W. Davison and Charles H. Sabin, together with such persons as they may associate with themselves, and their successors, are hereby constituted a body corporate, in perpetuity, under the name of Juilliard Musical Foundation, and by that name shall possess all of the powers which by the general corporation law are conferred upon corporations, and in addition thereto shall have all the powers and be subject to all the restrictions which now or may hereafter pertain by law to membership corporations so far as the same are applicable thereto and are not inconsistent with the provisions of this act, and shall be capable to take and hold by bequest, devise, gift, purchase, exchange, lease or by judicial order or decree, either absolutely or in trust, for any of its purposes, any property, real or personal, and especially the real and personal property devoted by the said Augustus D. Juilliard in his last will and testament, which was admitted to probate by the surrogate's court of Orange county, on the twenty-fifth day of September, nineteen hundred and nineteen, to the objects herein referred to without limitation as to the amount or value thereof, except such limitations, if any, as the legislature shall hereafter specifically impose; to sell, to mortgage, exchange, lease or otherwise convey, transfer or dispose of such property, and to invest and reinvest the principal thereof and the surplus income therefrom, not only in such subjects as are or may be permissible for trust investments by law, but likewise in the purchase of, exchange of or loans upon security or any securities or items of personal property whatsoever and wheresoever

located as the board of trustees may see fit, and to deal with and use, expend and apply any property belonging to the corporation, and the income derived therefrom, in such manner as in the judgment of the board of trustees will best promote its objects.

Section 2. The objects of said corporation shall be to defray the expenses of and otherwise aid worthy students of music in securing a complete and adequate musical education, either at appropriate institutions now in existence or hereafter created by this foundation or by others, or from instructors in this country or abroad; to arrange for and give, directly or through others, without profit to it, musical entertainments, concerts and recitals, and to do such other things as in the judgment of the board of trustees are appropriate for the education and instruction of the general public in the musical arts; to aid, to such extent and in such manner as it may be lawfully entitled to do under this act without affecting the validity of the trust created by section forty-five of the last will and testament of the said Augustus D. Juilliard by gifts of part of its income, at such times and to such extent and in such amounts as its board of trustees may in its discretion deem proper, the Metropolitan Opera Company in the city of New York, or its successor or successors, for the purpose of assisting such company in the production of operas, provided that suitable arrangements can be made with such company that such gifts shall in no way inure to its monetary profit; to afford facilities by use of appropriate means and instrumentalities to foster and encourage in the general public a deeper interest in and appreciation of the musical arts; to acquire, by gifts, devise or otherwise, property of every kind and nature whatsoever; to hold, invest and reinvest the same, and to devote the income therefrom or so much thereof as in the discretion of the board of trustees may seem proper, to the above-mentioned purposes or any of them, and particularly for such purposes to acquire the residuary estate of the late Augustus D. Juilliard as the same is disposed of by his last will and testament dated March twenty-ninth, nineteen hundred and seventeen. And it is hereby granted all power necessary to accomplish all of such objects.

Section 3. The persons named in the first section of this act shall constitute the first board of trustees and members of the corporation. They, or a majority of them, shall hold a meeting and organize the corporation and adopt by-laws, which shall prescribe the qualifications of members; the manner of their selection; the number of trustees, not less than five, by whom the business and affairs of the corporation shall be managed; the qualifications, powers and manner of selection of the trustees and officers of the corporation; the manner in which vacancies among the trustees and officers, occurring by death, resignation, increase in number or any other way, shall be filled; the method of amending its

by-laws, and any other provisions for the management and government of the corporation, the disposition of its property and the regulation of its affairs which may be deemed expedient.

Section 4. This corporation is not established and shall not be maintained for pecuniary profit, but shall be and remain a charitable educational corporation. No officer, member or employee of this corporation shall receive, or be lawfully entitled to receive, any pecuniary profit from the operations thereof except reasonable compensation for services in effecting any one or more of its objects, or as a proper beneficiary of its strictly benevolent and charitable purposes.

Section 5. This act shall take effect immediately.

SOURCE: Chapter 89, Laws of 1920, New York State.

Commonwealth Mental Health Research Foundation

[This "foundation" was established by the Commonwealth of Pennsylvania as "a public corporation and governmental instrumentality." It can accept gifts and grants from any source, but its governing board consists of state officials and appointees of the Governor.]

AN ACT

To promote the welfare of the people of the Commonwealth; creating a body corporate and politic to be known as the Commonwealth Mental Health Research Foundation for the purpose of supporting, encouraging and financing research in the field of mental health; providing for the administration and operation of the Foundation.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. SHORT TITLE. This act shall be known and may be cited as the "Commonwealth Mental Health Research Foundation Act."

Section 2. COMMONWEALTH MENTAL HEALTH RESEARCH FOUNDATION. There is hereby created a body corporate and politic constituting a public corporation and governmental instrumentality known as the "Commonwealth Mental Health Research Foundation." The Foundation shall be administered exclusively in accordance with the provisions of this act. The Foundation is hereby constituted an instrumentality of the Commonwealth and the exercise by the Foundation of powers and duties conferred upon it by this act shall be deemed and held to be an essential governmental function of the Commonwealth.

Section 3. PURPOSE OF THE FOUNDATION. It shall be the purpose of the Foundation to support, encourage and finance research of every nature and description in the field of mental health including all aspects thereof or related thereto and to train men in the field of mental health including all aspects thereof or related thereto.

Section 4. POWERS AND DUTIES OF THE FOUNDATION. The Foundation shall have the following powers and duties:

(a) It shall maintain a principal office at such place as shall be designated by the Secretary of Welfare.

(b) It may contract and be contracted within its own name.

(c) It may sue and be sued in its own name, plead and be impleaded: Provided, however, That any and all actions at law or in equity against it shall be brought only in Dauphin County.

(d) It shall have an official seal.

(e) It shall make necessary by-laws, rules and regulations for the management and regulation of its affairs and it shall have the power and authority to acquire, own, use, hire, lease, operate and dispose of personal property, real property and interests in real property and to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this act and to employ such employees as may, in the judgment of the Board of Trustees, be necessary and to fix their compensation.

(f) It shall not be required to pay any taxes or assessments on any property acquired or used by it.

Section 5. BOARD OF TRUSTEES. (a) The Foundation shall be administered by a board of eleven (11) trustees consisting of the Governor, the Secretary of Welfare and nine (9) trustees appointed by the Governor for terms of three (3) years each and until their respective successors shall be duly appointed and qualified. Of the original appointed trustees the terms of three (3) shall expire on December 31, 1957, the terms of three (3) shall expire on December 31, 1958, and the terms of three (3) shall expire on December 31, 1959. Any trustee may be reappointed. Any person appointed to fill a vacancy shall serve for the unexpired term.

(b) The members of the board shall not be entitled to any compensation for their services as members.

(c) Six (6) members of the board shall constitute a quorum and any action taken by a majority of a quorum present at a duly convened meeting of the board shall be the legal action of the board.

(d) The Secretary of Welfare shall be the chairman of the board and the Foundation shall have such other officers as the board deems necessary.

(e) The board shall meet regularly at least once each month and specially upon the call of the chairman.

Section 6. RESEARCH ADVISORY COMMITTEE. The Secretary of Welfare shall appoint a Research Advisory Committee of nine (9) members. In appointing such Committee, the Secretary of Welfare shall select one representative from each of the following six (6) medical schools, colleges or mental institutions having an active research department: The School of Medicine of Temple University, the School of Medicine of the University of Pennsylvania, the Pennsylvania State University, the School of Medicine of the University of Pittsburgh, the Eastern Pennsylvania Psychiatric Institute and Carnegie Institute of Technology.

The Research Advisory Committee, subject to approval of the board, shall choose and supervise the projects to be undertaken by the Foundation. The members of the Research Advisory Committee shall not be entitled to any compensation for their services as members but shall be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The programs of research and of training men in the field of mental health shall be carried out only in Commonwealth institutions under the jurisdiction of the Department of Welfare: Provided, however, That this section shall not be construed to prevent ancillary research or training outside of these institutions so long as the primary program in connection with such ancillary research or training is undertaken is conducted within a Commonwealth institution.

Section 7. ADMINISTRATION. (a) The Board of Trustees shall have sole and exclusive jurisdiction to administer the Foundation and no other department, board or officer of the Commonwealth shall have any jurisdiction whatsoever in connection therewith except as set forth in this act.

(b) All monies belonging to the Foundation shall be invested in securities or deposited with depositories subject to the same restrictions as are imposed by law upon the investment or deposit of Commonwealth funds, except that any donor of money or other property may specify that such donation shall be held in the form in which acquired by the board or that such donation shall be invested in or converted into some other specific property or class of investment. So long as the board complies with the instructions of the donor in this regard, it shall be relieved of all liability which may result from the imprudent investment of such monies.

(c) The Board of Trustees shall have general supervisory powers and responsibility for the propriety of all expenditures by the Foundation. All payments for the general cost of administration of the Foundation in excess of three hundred dollars (\$300) shall be made only with the prior approval of the board. All payments for research and training made by the Foundation in excess of three hundred dollars (\$300) shall be made only with the prior approval of the board which shall not approve any such expenditure until it has first been approved by the Research Advisory Committee. The board shall have the right to approve a future series of payments at one time so long as the specific purpose therefore is known at the time of approval.

(d) The board shall set up a system for the payment of all sums less than three hundred dollars (\$300) upon the approval of a responsible executive officer of the Foundation. Such system shall contain adequate checks so as to insure that no monies are improperly diverted from the Foundation.

(e) There shall be maintained by the Foundation an adequate set of financial books and records in accordance with generally accepted accounting theory and practice.

(f) The financial books and records of the Foundation shall be audited at least once each year by a certified public accountant or firm of certified public accountants who shall report to the board. Such report shall be a public record and a copy thereof shall be furnished to each trustee, the Governor, the Secretary of Welfare, the Attorney General and to such other persons who request copies from the Foundation, for which other copies a charge adequate to cover printing and other related costs may be made.

(g) The fiscal year of the Foundation shall commence on July 1, and end on the following June 30.

(h) The Attorney General and the Secretary of Welfare shall each have the right to examine all phases of the operations of the Foundation, including all of its books and records, at such time and in such manner as they or either of them shall deem necessary.

Section 8. GIFTS AND GRANTS TO THE FOUNDATION. The Foundation is hereby authorized to accept gifts or grants of money or property of any nature from any source whatsoever. Such gifts and grants may be accepted for the general purposes of the Foundation, for specific purposes within the general purposes of the Foundation or to be held in trust for the benefit of the Foundation with the income to be used for a specific purpose within the general purposes of the Foundation or for the general purposes of the Foundation.

Section 9. PATENTS. All discoveries and patentable inventions resulting from the work of the Foundation, or of any employe or person granted financial aid by the Foundation, shall become the property of the Foundation by assignment or other transfer from the discoverer or inventor. Each employe of the Foundation or other person granted financial aid by the Foundation shall be required to sign an agreement agreeing to assign and transfer to the Foundation all of his right, title and interest in any development or patent acquired as a result of such employment or receipt of financial aid before being employed or granted such aid. All royalties or other income received from the use of any such patents or discoveries shall be paid to the Foundation to be used for its general purposes.

Section 10. EFFECTIVE DATE. This act shall take effect immediately.

Approved—The 21st day of May, A.D. 1956.

SOURCE: *Act of the General Assembly No. 551.* Commonwealth of Pennsylvania, Harrisburg, 1956. 5 pp.

CHAPTER 3

Wills

IN RECENT YEARS a foundation is likely to be set up by a living donor with a small initial gift, followed by a series of annual donations. Perhaps a final amount is added by the donor's will, but the legal framework has been established, and the will simply adds to corpus; though if the amount is considerable, some new provisions may affect the functioning and legal structure of the already existing foundation.

A will must, of course, comply with the requirements of the statute of wills of the particular state in which the donor is domiciled. These requirements are often quite technical. Important differences may occur as between states. For example, Texas has no reciprocal statute granting tax exemption on charitable gifts for use outside the state; therefore, a Texas foundation set up by will, or receiving a testamentary bequest, would have to use those sums within the state if they are to avoid state taxation.

Important as careful draftsmanship is in a will affecting an existing foundation, it is of still greater moment when the will is itself the initiating document. In many earlier foundations, the will was such a creating instrument, and is occasionally so today. Such testamentary bequests may be in general or in specific terms. If general, the donor may state the sums of money involved (sometimes a remainder sum), but leave to executors or named trustees the structuring of the trust or corporation that will serve the charitable ends he may have indicated in only broad terms.

Again, the will itself may set up in detail the form and purposes of the foundation, name the first trustees, provide for the election of successors, and thus combine in one document the functions of letter of gift, charter, and even by-laws. Testamentary foundations are usually in trust form, but power (and sometimes specific instruction) may be given to change to a corporate structure.

The courts interpret testamentary provisions with great strictness, despite certain possibilities for change under *cy pres* powers. It is therefore important that testators do not bind their creations, especially if they be perpetuities, to narrow purposes that may become impracticable, or even harmful. This may be avoided by giving substantial power to the trustees to alter program as changing conditions may require. The William J. Cook Fund¹ was placed within a community trust, which has inbuilt powers to devote to other purposes the income from Mr. Cook's gift if and when the proposed scholarships become impracticable.

A wide assortment of wills are sampled in the pages that follow. The wills of Benjamin Franklin and James Smithson—the latter representing an almost accidental afterthought—have special historical interest. Nearly all of these documents strongly express the personality of the testator, and frequently set up quite detailed provisions for the use of the bequest.

¹ See p. 68.

Franklin Foundation

[In a Codicil to his Will, Benjamin Franklin set up funds of £1,000 sterling in Boston and in Philadelphia which are sometimes regarded as the earliest American foundations. Both were required to accumulate income on the whole principal for 100 years, and on a part of principal for the second hundred years. Neither accumulation met Franklin's hopes, but the Boston experience, out of which grew the Franklin Foundation and the Franklin Technical Institute, was the better. The first part yielded \$438,529 to build and equip Franklin Technical Institute. The second portion is in accumulation until 1991; it was worth \$1,311,126 on June 30, 1957.]

THE CODICIL OF THE WILL OF BENJAMIN FRANKLIN

I, Benjamin Franklin, in the foregoing or annexed last Will and Testament named, having further considered the same, do think proper to make and publish the following Codicil or Addition thereto.

It having long been a fixed political opinion of mine, that in a democratical State, there ought to be no Offices of Profit, for the reasons I had given in an Article of my drawing in our Constitution, it was my intention when I accepted the Office of President¹ to devote the appointed Salary to some public Uses, accordingly I had already before I made my Will in July last, given large Sums of it to Colleges, Schools, Building of Churches &c and in that Will I bequeathed Two Thousand Pounds more to the State for the purpose of making Schuylkill navigable: But understanding since, that such a Sum will do but little toward accomplish such a Work and that the project is not likely to be undertaken for many Years to come; and having entertained another Idea, that I hope may be more extensively useful, I do hereby revoke and annul that Bequest, and direct that the (B. Franklin) certificates I have for what remains due to me of that Salary be sold towards raising the Sum of Two thousand Pounds Sterling, to be disposed of as I am now about to order.

It has been an opinion that he who receives an Estate from his Ancestors, is under some kind of obligation to transmit the same to their Posterity: This Obligation does not lie on me, who never inherited a Shilling from any Ancestor or Relation: I shall however, if it is not

¹ Of Pennsylvania.

diminished by some accident before my Death, leave a considerable Estate among my Descendants and Relations. The above observation is made merely as some apology to my Family, for my making Bequests that do not appear to have any immediate relation to their advantage.

I was born in Boston, New England and owe my first instructions in Literature, to the free Grammar Schools established there: I have therefore already considered those Schools in my Will. But I am also under obligations to the State of the Massachusetts, for having unasked appointed me formerly their Agent in England with a handsome Salary: which continued some years: and altho' I accidentally lost, in their service, by transmitting Governor Hutchinson's Letter much more than the amount of what they gave me, I do not think that ought in the least to diminish my Gratitude.

I have considered that among Artisans good Apprentices are most likely to make good Citizens, and having myself been bred to a manual Art Printing, in my native Town, and afterwards assisted to set up my business in Philadelphia by kind loan of Money from two Friends there, which was the foundation of my Fortune, and of all the utility in life that may be ascribed to me, I wish to be useful even after my Death, if possible, in forming and advancing other young men that may be serviceable to their Country in both those Towns.

To this End I devote Two thousand Pounds Sterling, which I give, one thousand thereof to the Inhabitants of the Town of Boston, in Massachusetts, and the other thousand to the Inhabitants of the City of Philadelphia, in Trust to and for the Uses, Interests and Purposes hereinafter mentioned and declared.

The said sum of One thousand Pounds Sterling, if accepted by the Inhabitants of the Town of Boston, shall be managed under the direction of the Select Men, united with the Ministers of the oldest Episcopalian, Congregational and Presbyterian Churches in that Town; who are to let out the same upon Interest at five per cent per Annum to such young married artificers, under the Age of twenty-five years, as have served an Apprenticeship in the said Town; and faithfully fulfilled the Duties required in their Indentures, so as to obtain a good moral Character from at least two respectable Citizens, who are willing to become their Sureties in a Bond with the Applicants for the Repayment of the Monies so lent with Interest according to the Terms herein (B. Franklin) after prescribed. All which Bonds are to be taken for spanish milled Dollars or the value thereof in current Gold Coin. And the Managers shall keep a bound Book or Books wherein shall be entered the Names of those who shall apply and receive the benefit of this Institution and of their Sureties, together with the Sums lent, the Dates and other necessary and proper Records, respecting the Business and Concerns of this Institution. And as these Loans are intended to assist

young married Artificers in setting up their Business, they are to be proportioned by the discretion of the Managers, so as not to exceed Sixty Pounds Sterling to one Person, nor to be less than Fifteen Pounds. And if the numbers of Appliers so entitled shall be so large, as that the sum will not suffice to afford to each as much as might otherwise not be improper, the proportion to each shall be diminished so as to afford to every one some Assistance. These aids may therefore be small at first; but as the Capital increases by the accumulated Interest, they will be more ample. And in order to serve as many as possible in their Turn, as well as to make the Repayment of the principal borrowed more easy, each Borrower shall be obliged to pay with the yearly Interest, one tenth part of the principal, which Sums of Principal and Interest so paid in, shall be again let out to fresh Borrowers. And as it is presumed that there will always be found in Boston virtuous and benevolent Citizens willing to bestow a part of their Time in doing good to the rising Generation by Superintending and managing this Institution gratis, it is hoped that no part of the Money will at any time lie dead or be diverted to other purposes, but be continually augmenting by the Interest, in which case there may in time be more than the occasions in Boston shall require and then some may be spared to their Neighboring or other Towns in the said State of Massachusetts who may desire to have it, such Towns engaging to pay punctually the Interest and the Portions of the principal annually to the Inhabitants of the Town of Boston.

If this Plan is executed and succeeds as projected without interruption for one hundred Years, the Sum will then be one hundred and thirty-one thousand Pounds of which I would have the Managers of the Donation to the Town of Boston, then lay out at their discretion one hundred thousand Pounds in Public Works which may be judged of most general utility to the Inhabitants such as Fortifications, Bridges Aqueducts, Public Building, Baths, Pavements or whatever may make living in the Town more convenient to its People and render it more agreeable to strangers, resorting thither for Health or a temporary residence. The remaining thirty-one thousand Pounds, I would have continued to be let out on Interest in the manner above directed for another hundred Years, as I hope it will have been found that the Institution has had a good effect on the conduct of Youth, and been of Service to many worthy Characters and useful Citizens. At the end of this second Term, if no unfortunate accident has prevented the (B. Franklin) operation the sum will be Four Millions and Sixty one thousand Pounds Sterling, of which I leave one Million sixty one Thousand Pounds to the Disposition of the Inhabitants of the Town of Boston and Three Millions to the disposition of the Government of the State, not presuming to carry my views farther.

All the directions herein given respecting the Disposition and Management of the Donation to the inhabitants of Boston, I would have observed respecting that to the Inhabitants of Philadelphia: only as Philadelphia is incorporated, I request the Corporation of that City to undertake the Management agreeable to the said Directions and I do hereby vest them with full and ample Powers for that purpose; and having considered that the covering its Grand Plat with Buildings and Pavements, which carry off most of the Rain and prevent its soaking into the Earth and renewing and purifying the Springs, whence the Water of the Wells must gradually grow worse, and in time be unfit for use, as I find has happened in all old Cities, I recommend that at the end of the first hundred Years, if not done before, the Corporation of the City employ apart of the Hundred thousand Pounds in bringing by Pipes the Water of Wissahickon Creek into the Town, so as to supply the Inhabitants which I apprehend may be done without great difficulty, the level of that Creek being much above that of the City and may be made higher, by a Dam, I also recommend making the Schuylkill completely navigable. At the end of the Second Hundred Years, I would have the disposition of the Four Million and Sixty one thousand Pounds divided between the Inhabitants of the City of Philadelphia and the Government of Pennsylvania, in the same manner as herein directed with respect to that of the Inhabitants of Boston and the Government of Massachusetts.

It is my desire that this Institution should take place and begin to operate within one year after my decease; for which purpose due Notice should be publickly given previous to the expiration of that Year, that those for whose Benefit this establishment is intended may make their respective applications; And I hereby direct my Executors, the survivors or survivor of them, within six Months after my decease, to pay over the said Sum of Two thousand Pounds Sterling, to such Persons as shall be duly appointed by the Select Men of Boston and the Corporation of Philadelphia, to receive and take charge of their respective Sums of One thousand Pounds each, for the Purposes aforesaid.

Considering the accidents to which all human Affairs and Projects are subject in such a length of Time, I have perhaps too much flattered myself with a vain Fancy, that these Dispositions, if carried into execution, will be continued without interruption, and have the Effects proposed: I hope, however, that if the Inhabitants of the two Cities should not think fit to undertake the execution they will at least accept the offer of these Donations as a Mark of my good-Will, a token of my Gratitude and a (B. Franklin) Testimony of my earnest desire to be useful to them even after my departure. I wish indeed that they may both undertake to endeavour the Execution of the Project: because I think that tho' unforeseen Difficulties may arise, expedience will be

found to remove them, and the Scheme be found practicable: If one of them accepts the Money with the Conditions and the other refuses: my Will then is that both Sums be given to the Inhabitants of the City accepting the whole: to be applied to the same purposes and under the same Regulations directed for the separate Parts: and if both refuse, the Money of course remains in the Mass of my Estate and is to be disposed of therewith according to my Will made the seventeenth day of July 1788.

* * * * *

And lastly, it is my desire, that this my present Codicil be annexed to and considered as part of my last Will and Testament to all Intents and Purposes.

In Witness whereof I have hereunto set my Hand & Seal this twenty third Day of June, Anno Domini One thousand seven hundred eighty nine.

B. FRANKLIN (SEAL)

Signed, Sealed, published and declared by the above named Benjamin Franklin to be a Codicil to his last Will & Testament in the Presence of us.

FRANCIS BAILEY, AFF'D
THOMAS LANG, AFF'D
AB^m. SHOEMAKER, AFF'D

SOURCE: *The Codicil of the Will of Benjamin Franklin*. Franklin Technical Institute, Boston, undated. 7 pp.

Smithsonian Institution

[Included are the portions of James Smithson's Will relating to the Smithsonian Institution, which was to be created and receive the bequest only in the event of the death of a named nephew without leaving a child or children.]

WILL OF JAMES SMITHSON

I, JAMES SMITHSON, son of Hugh, first Duke of Northumberland, and Elizabeth, heiress of the Hungerfords of Audley, and niece of Charles the Proud, Duke of Somerset, now residing in Bentinck street, Cavendish Square, do this 23d day of October, 1826, make this my last will and testament:

I bequeath the whole of my property of every nature and kind soever to my bankers, Messrs. Drummonds of Charing Cross, in trust, to be disposed of in the following manner, and desire of my said executors to put my property under the management of the court of chancery.

To John Fitall, formerly my servant . . . I give and bequeath the annuity or annual sum of £100 sterling for his life. . . .

To Henry James Hungerford, my nephew, heretofore called Henry James Dickinson, son of my late brother Lieut. Col. Henry Louis Dickinson, now residing with Mr. Auboin, at Bourg la Reine, near Paris, I give and bequeath for his life the whole of the income arising from my property of every nature and kind whatever, after the payment of the above annuity, and after the death of John Fitall, that annuity likewise, the payments to be at the time the interest or dividends become due on the stocks or other property from which the income arises.

Should the said Henry James Hungerford have a child or children, legitimate or illegitimate, I leave to such child or children, his or their heirs, executors and assigns, after the death of his, her, or their father, the whole of my property of every kind absolutely and forever, to be divided between them, if there is more than one, in the manner their father shall judge proper, and in case of his omitting to decide this, as the Lord Chancellor shall judge proper.

Should my nephew Henry James Hungerford marry, I empower him to make a jointure.

In case of the death of my said nephew without leaving a child or children, or of the death of the child or children he may have had under the age of 21 years or intestate, I then bequeath the whole of my

property, subject to the annuity of £100 to John Fitall, and for the security and payment of which I mean stock to remain in this country, to the United States of America, to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men.

I think it proper here to state, that all the money which will be standing in the French five per cents. at my death in the names of the father of my above mentioned nephew, Henry James Hungerford, and all that in my name, is the property of my said nephew, being what he inherited from his father, or what I have laid up for him from the savings upon his income.

JAMES SMITHSON. [L.S.]

SOURCE: Rhees, William J. (editor), *The Smithsonian Institution: Documents Relative to Its Origin and History*. The Institution, Washington, 1879, pp. 1-2.

Thomas Skelton Harrison Foundation

[This Will sets up a perpetual fund for specific purposes relating to good government in Philadelphia. Its trustees are chosen by seven named institutions or associations.]

SECTION 13 OF THE WILL OF THOMAS SKELTON HARRISON

THIRTEENTH: It is my Will, and I direct, that after my decease there shall be constituted a Board of Trustees, which shall be entitled to receive the income of the above mentioned residuary estate from the Northern Trust Company, Trustee appointed under the preceding Clause of this my Will.

(a) This Board of Trustees shall be composed of Seven men, citizens of the Commonwealth of Pennsylvania, and residents of or doing business in the City of Philadelphia, who shall be selected and appointed severally and respectively by the Board of Trustees, Managers, Governors or Directors, as the case may be, of the following corporations or Institutions:

The Franklin Institute of the State of Pennsylvania for the Promotion of the Mechanic Arts
The Law Association of Philadelphia
The College of Physicians
The City Club of Philadelphia
The Board of Trade
The Board of City Trusts
The University of Pennsylvania

(b) Each of the above named electoral bodies shall select its Trustee preferably from its own membership, or from the membership of the society or corporation represented by it, but other persons not connected with such society or corporation may be chosen. But no person shall be elected or shall serve as a Trustee who occupies any office, elected or appointed, salaried, or unsalaried, of the State of Pennsylvania or City of Philadelphia, excepting members of the Board of City Trusts, other than those who are members thereof ex-officio. And if any Trustee after his appointment as such shall accept any such office, he shall, *ipso facto*, cease to be such Trustee, and his place shall be filled as though he were deceased.

(c) Each of said Trustees shall be elected for a term of Three years. When and as such Trustee shall die or resign or accept office as above stated, the electoral body by which he was elected shall elect his successor for a term of Three years. The Trustees shall serve without any salary or compensation but may rent a suitable office for the transaction of their business and employ any necessary assistants, experts and legal counsel.

(d) Should any electoral body fail to appoint its representative Trustee for a period of Six months after the right to do so shall accrue, or if any electoral body shall lose its existence, then any of the Courts of Common Pleas of Philadelphia County or any Court which may hereafter be constituted exercising the same jurisdiction, shall have the power on application made to such Court by the Trustees otherwise appointed, to select some suitable person to act upon the said Board of Trustees for a period of Three years, and so on from time to time.

(e) The Board of Trustees thus constituted shall use and apply the income received by it from time to time for the following uses and purposes:

1. To secure the honest and impartial enforcement of the terms of all contracts made by the City of Philadelphia providing for the furnishing by contractors of labor, or for the erection of buildings, the construction of public improvements, the cleaning of streets, the removal of refuse, including the proper method of carting ashes and garbage &c., the furnishing of water, gas, electricity or transportation facilities or the performance of any other work, or the furnishing of any other supplies of any kind or nature for the said City.

2. To obtain the prompt prosecution of and just punishment of all persons guilty of violating contracts with said City or of peculation from its funds either directly or indirectly.

3. To investigate Municipal affairs in the City of Philadelphia, and obtain and disseminate information in relation thereto, to aid the officers of Departments of the City by advice as to the methods of Municipal work, to frame proper legislation in regard thereto, and to aid in the inauguration or conduct of movements for Municipal reform and generally for such purposes as will contribute towards the improvement of governmental conditions in the City of Philadelphia.

4. To assist in any special investigation in aid of any special public movement, in the investigation of any Department of the City, to assist in the prosecution of any class of frauds or crimes, including frauds against the election laws, and in any other public service that they may deem proper.

5. To further the immediate adoption by the City of Philadelphia of a wise, clear and accurate system of bookkeeping and accounting, including as a feature thereof, the frequent publication of lucid statements as to its financial condition.

6. But it is my Will that the funds at the disposal of said Board shall never be used to further the interests of any political party, or to secure the election of any Officer of the Municipal Government, or for any similar purpose, it being my intention that this fund shall be used for the express purposes of this Trust, and not as an instrument of partisan politics, for which reason I have endeavored to have the Trustees selected by the most representative and public spirited corporate bodies of the City of Philadelphia.

(f) And if it shall be found that the income at any time or from time to time accumulates beyond the needs of the Board of Trustees in the performance of the above purposes and a prudent reserve for sudden and unexpected contingencies, so that some of the income thus accumulated may safely be used for other public purposes, the Trustees are authorized to expend such sum in their discretion in such a way as may tend to promote the health, comfort and general welfare of the citizens of the City of Philadelphia, bearing however in mind the special purposes for which this trust fund is established as indicating the way in which such expenditures should be made. And no expenditure of any of the funds at the disposal of the Board of Trustees shall be made for any purpose except by the vote of the majority of the entire Board.

SOURCE: Copy supplied by the Foundation.

The Chicago Community Trust

[This section from the Will of William J. Cook sets up a scholarship fund within The Chicago Community Trust, and leaves to the Trust considerable latitude in the method of selection of scholars and in disposition of the funds if the original purpose becomes impracticable. The Will was dated November 27, 1933; Mr. Cook died in 1939 and the Will was probated in June of that year.]

EXTRACT FROM THE WILL OF WILLIAM J. COOK

ARTICLE III

Section 4 (f). All the rest, residue and remainder of such net income shall constitute the "WILLIAM J. COOK FUND," and shall be devoted to the education in college or university of needy and worthy boys who are graduates of high schools situated in Cook County, Illinois. Successful applicants shall receive assistance during their entire course of four or more years in any college or university of their selection so long as the quality of their work properly entitles them to such assistance. The Chicago Community Trust may designate any institution or individuals from time to time to select the successful applicants, and may change such institutions or individuals in its entire discretion. If at any time in the opinion of the Committee of The Chicago Community Trust any contingency should arise in which it would be impossible or impracticable to properly determine the beneficiaries hereunder, then it is my desire that such net income shall be expended for charitable purposes under the sole and unrestrained discretion of the Committee of The Chicago Community Trust. If The Chicago Community Trust shall cease to exist, then and in that event said Trustees shall disburse, pay over and expend such net income for such of the organized charities of the City of Chicago as my Trustees shall from time to time select, and so far as possible the objects of said charity shall be selected and said expenditures shall be made in accordance with the purposes enumerated in the resolution constituting The Chicago Community Trust, adopted by the Board of Directors of the Harris Trust and Savings Bank on May 12, 1915.

SOURCE: Copy of extract from the Will supplied by The Chicago Community Trust, October, 1957.

Trexler Foundation

[This Foundation consists of the estates, less certain personal bequests, of Harry C. and Mary M. Trexler. The original Will provides that one-fourth of the income shall be accumulated; that one-fourth shall be paid to the City of Allentown for park purposes; and use of the remainder is limited by locality, objects, and organizations.]

LAST WILL AND TESTAMENT OF HARRY C. TREXLER

I, HARRY C. TREXLER, of the City of Allentown, County of Lehigh and State of Pennsylvania, do make, publish and declare this to be my last Will and Testament, hereby revoking and making void all former Wills and Codicils thereto, by me, heretofore made:

* * *

FIFTH: I direct my Executors and Trustees to pay out of my residuary estate all inheritance, transfer, legacy or succession taxes, which may be payable in respect of the bequests and devises in this my Will contained, or of any gift heretofore made.

SIXTH: I direct my Executors to set apart a sum, which in their judgment shall be sufficient under all probable contingencies to yield a net annual income of Four Thousand Dollars (\$4,000), and I give and bequeath such sum unto my Executors and Trustees, in trust, as a separate and independent fund, and to collect and receive the income thereof and to expend out of said income, each year perpetually in the same manner as I have been doing in the past, the sum of Two Thousand Dollars (\$2,000), for the school children of the City of Allentown, at their annual Romper Day Exercises, and also to expend out of said income, each year, the sum of Two Thousand Dollars (\$2,000) for the extension and maintenance of the library which I have presented to the Masonic Lodges of the City of Allentown.

* * *

NINTH: Upon the death of my said wife, I direct and authorize my Executors and Trustees to convey in fee simple, to the City of Allentown, for use as a public park by the citizens of that City, a portion of my Springwood Farm, in South Whitehall Township, the boundary

line of which begins at the John Hartman property, and which includes all of the land from thence to the Litzenberger Barn, to the Knappenberger Blacksmith Shop, and from thence to the place of beginning; which I have laid out on a draft or plan signed by me, and which is to be considered as part of this Will.

I further give and bequeath to my Executors and Trustees, the sum of Two Hundred and Fifty Thousand Dollars (\$250,000), as a separate and independent fund, in trust, to collect and receive the income thereof and pay the same annually into the Treasury of the City of Allentown, for the perpetual maintenance of said Park, as well as the Greenhouse thereon located. This bequest shall include all the plants and other contents of said Greenhouse.

TENTH: I further authorize and direct my Executors and Trustees to convey in fee simple, to the County of Lehigh, for use as a public park, by the citizens of that County, my Game Preserve Property in North Whitehall and Lowhill Townships, being all the land and buildings enclosed within the Game Preserve fence, together with all the buffalo, deer and elk therein contained, and the equipment thereof; and I further give and bequeath to my Executors and Trustees, as a separate and independent fund, the sum of One Hundred and Fifty Thousand Dollars (\$150,000), in trust, to collect and receive the income thereof and pay the same annually and perpetually into the Treasury of the County of Lehigh, for the maintenance of said park; the administration of which park shall be under the direction of the Judges of the Courts and County Commissioners of Lehigh County.

ELEVENTH: After compliance with the above provisions of this my Will, and after the death of my wife, I direct that the net income of the remainder of my estate shall be expended, paid and distributed, as follows:

A. In order to further provide for and protect the various charitable bequests herein made and to provide for the contingency of losses in investments made for the benefit of such bequests, I direct that one-fourth of the net income of such remainder shall be accumulated and added to the principal of such remainder.

B. One-fourth thereof shall be paid annually and perpetually into the Treasury of the City of Allentown, to be used by the City for the improvements, extension and maintenance of all of its Parks; such payment shall be in addition to what I have heretofore provided for Springwood Park.

C. The remaining one-half of said income shall be used and distributed annually and perpetually, by my Trustees, for such charitable organizations and objects as in their discretion shall be of the most benefit to humanity, limiting them, however, as to locality, to the City

of Allentown and the County of Lehigh, and to the following objects and organizations, to wit:

First: Hospitals, churches, institutions for the care of cripples and orphans, young men and young women's Christian Association, Boy Scouts and any other worthy organizations which have for their object, and which truly serve for the benefit of mankind.

Second: Education and training of worthy and earnest young men, who are residents of Pennsylvania, for the Christian ministry, at Muhlenberg College, Allentown, Pennsylvania, and at Franklin and Marshall College at Lancaster, Pennsylvania.

TWELFTH: I hereby nominate and appoint my wife, Mary M. Trexler, Col. Edward M. Young, Dr. George F. Seiberling and my Secretaries, J. Thomas Schantz and Nolan P. Benner to be Executors and Trustees under this my last Will and Testament; and I further direct that there shall never be less than five (5) Trustees serving in the office; and as vacancies shall occur through death, resignation, inability or otherwise, such vacancies shall be filled by appointments made by the Orphans' Court of Lehigh County; and I recommend that in succession to my wife, Mary M. Trexler, Granville J. Heintzelman shall be appointed; and in succession to Col. Edward M. Young his son, Joseph Young, shall be appointed; and in succession to Dr. George F. Seiberling, Maj. John C. Shumberger shall be appointed; and in succession to J. Thomas Schantz, Victor E. Fritz shall be appointed; and in succession to Nolan P. Benner, Fred H. Sterner shall be appointed. For the filling of further vacancies I make no recommendations, leaving that to the discretion and judgment of the Orphans' Court; but suggest that a financial institution thereto qualified be appointed to fill one vacancy not provided for by my recommendations. I further direct that in case a difference of opinion shall exist between my said Executors and Trustees as to any matter arising in the execution or exercise of any trust power or discretion under this my Will, or any Codicil hereto, such difference or differences shall be decided by a majority of such Executors or Trustees, and their decision in relation thereto shall be binding and conclusive upon said Executors or Trustees and my estate. Whenever in the future the said Trustees or their successors should deem such course feasible and advisable I hereby authorize them to form a corporation or corporations to carry out the charitable purposes herein specified.

* * *

THIRTEENTH: * * * Fifth. I direct that proper books of account be kept by my Executors and Trustees, which shall be supervised and audited yearly by some firm of accountants. As my affairs in that line are being handled by Messrs. Price, Waterhouse and Company, I direct

that that firm or some other firm of equal standing and reputation be employed.

FOURTEENTH: In the event of any or all of the charitable legacies herein made failing by reason of my death within thirty days from the date hereof, I then give, devise and bequeath the property, sum or sums so given to my wife, Mary M. Trexler, in entire confidence that she will make proper disposition of the same.

IN WITNESS WHEREOF, I Harry C. Trexler, the above named testator, have to this, my last Will and Testament, written on eleven typewritten pages, each bearing my signature, to which at the end thereof I have set my hand and seal, this Fifteenth day of April, A.D. 1929.

Signed, sealed, published and
declared by the above named Harry C.
Trexler, as and for his last Will
and Testament, in the presence of us,
who have hereunto subscribed our
names, at his request, as witnesses
thereto, in the presence of the said
testator and of each other:

(Sgd) HARRY C. TREXLER
(Seal)

(Sgd) P. B. SAWYER
C. M. WALTER
SAMUEL WEIL

SOURCE: *Last Will and Testament of Harry C. Trexler*. Trexler Foundation, Allentown, undated. 4 pp.

Emil Schwarzhaupt Foundation, Inc.

[In this instance the Will assigns the residue of an estate, together with remainder amounts from trust funds, to a foundation already existing. Principal and income are to be expended within twenty-five years of the death of the donor. The objectives are set forth in Paragraph Eleven of the Will, but with certain discretionary powers in the trustees. They have "amplified and clarified" these objectives by a Resolution adopted on April 27, 1953, which is here appended.]

LAST WILL AND TESTAMENT OF EMIL SCHWARZHAUPT

I, EMIL SCHWARZHAUPT, residing and domiciled in the Borough of Manhattan, in the City, County and State of New York, do hereby make, publish and declare this to be my Last Will and Testament, and I do hereby revoke and annul any and all wills, testaments or codicils heretofore made, published or declared by me.

ONE: I direct my Executors hereinafter named to pay all my just debts and funeral expenses as soon after my death as may be in due course of administration.

I hereby direct my Executors to pay out of the residuary estate all inheritance, succession, transfer and estate taxes of every nature whatsoever, and my Executors shall not be entitled to reimbursement therefor from any person against whom such taxes may be levied or assessed, or who may have received any property so taxed, including the proceeds of any insurance policy; it being the intent hereof that the ultimate burden of all such taxes shall be borne by the residuary estate hereunder.

* * * *

[Portion of Article Six]

It is further my Will that the balance, if any, in said respective trust funds remaining after the death of the respective beneficiaries thereof, or remaining after the payment for the annuity contracts with respect to such beneficiaries, whichever date may first occur, shall be payable to the EMIL SCHWARZHAUPT FOUNDATION, INC. and shall form part of the bequest to the Emil Schwarzhaupt Foundation, Inc. provided for in Article Eleven of this, my Last Will and Testament.

* * * *

ELEVEN: All the rest, residue and remainder of my Estate remaining after carrying out the foregoing provisions of this, my Last Will and Testament, including the residue of any portions of the separate trust funds or property set aside and held by my Trustees to produce and provide the respective annuities hereinabove provided in Article Six of this, my Last Will and Testament, including the proceeds of any annuity contracts created pursuant to the provisions of said Article Six and available after the death of the respective annuitants for whose benefit said separate funds or property were set aside or annuity contracts entered into, together with any and all funds, assets or property provided under the preceding provisions of this, my Last Will and Testament, to be paid over under the terms of this Article Eleven of this, my Last Will and Testament, together with any lapsed or void legacies or bequests, I give, devise and bequeath to my Trustees, in trust, nevertheless, and upon a separate and distinct trust, for the following uses and purposes:

I have, during my lifetime, caused to be created and incorporated under the laws of the State of New York, a corporation, the objects and purposes of which are exclusively charitable and educational, and in connection with which corporation it is provided that such corporation shall not be conducted for profit or gain and that no part of its net earnings shall inure to the benefit of any individual, firm or corporation. The name of such corporation is EMIL SCHWARZHAUPT FOUNDATION, INC. Such corporation is sometimes hereinafter referred to as "Foundation." Among the corporate objects of said corporation as set forth in its certificate of incorporation is the following:

The upbuilding and betterment of American citizenship and increasing among all American citizens, and especially among the foreign born, the knowledge of the history of the United States Government and the meaning of the obligations and privileges of citizenship in the United States of America.

It is my Will that all money or property received by said Foundation under the terms of this, my Last Will and Testament, shall be used by said Foundation for furthering the particular corporate objects hereinabove set forth, to-wit, the upbuilding and betterment of American citizenship and increasing among all American citizens, and especially among the foreign born, the knowledge of the history of the United States Government and the meaning of the obligations and privileges of citizenship in the United States of America.

It is my Will that as soon as convenient after the date of my death (but in no event later than the period of six (6) months subsequent to the date of my death) my Executors and Trustees shall cause the Board of Trustees of the EMIL SCHWARZHAUPT FOUNDATION, INC.

to consist of the following, to-wit: my friends, LEO GERNGROSS, HUGO SONNENSCHN, FREDERIC P. LEE and ADOLPH HIRSCH. If any of said named persons shall have died or shall be unable, or unwilling, or refuse to act as such Trustees, then and in such event my Executors and Trustees shall cause to be selected as Trustees in their place such persons as such of the said Leo Gerngross, Hugo Sonnenschein, Frederic P. Lee and Adolph Hirsch who may be living and accept the position of Trustee or Trustees shall designate in writing, and in the event that none of said persons shall be living or willing to act as such Trustee, then and in such event my Executors and Trustees shall select four (4) individuals residing in the City of New York, State of New York, who, in the judgment of my Executors and Trustees, shall be competent so to act, to act as Trustees of said Emil Schwarzhaupt Foundation, Inc., and shall cause said Trustees so selected to continue in office during the term of the trust estates herein created; provided, further, that within the period of six (6) months next ensuing after the expiration of the period of three (3) years immediately subsequent to the date of my death, my Executors and Trustees shall cause three (3) additional Trustees to be elected to the Board of Trustees of said Emil Schwarzhaupt Foundation, Inc., such three additional Trustees to be selected in the following manner, that is to say, one to be selected by the then presiding head of the Catholic Archdiocese of the City of New York, one by the then acting President of the Federal Council of the Churches of New York, and one by the then acting Rabbi of Temple Emanu-el, of New York City.

I desire to make clear that I have full confidence that the Board of Trustees of the Foundation will carry out my wishes in regard to the application of the funds paid or transferred to such foundation under the terms of this, my Last Will and Testament; that the payments and transfers so to be made to the Foundation shall be absolute (except as hereinafter in subparagraphs (a) and (b) of this Article Eleven of this, my Last Will and Testament, specifically provided); that, except as hereinafter in subparagraphs (a) and (b) of this Article Eleven of this, my Last Will and Testament, specifically provided, the Trustees under this, my Last Will and Testament, shall not be required or expected to exact from the Board of Trustees of the said Foundation any assurance with respect to the application of any moneys or property so paid or transferred to said Foundation; accordingly, the Trustees under this, my Last Will and Testament, shall be relieved from all responsibility or liability with respect to the disposition of any moneys or property which they may cause to be paid over or transferred to said Foundation (except as hereinafter in subparagraphs (a) and (b) of this Article Eleven of this, my Last Will and Testament, specifically provided); and the receipt by the Board of Trustees of said Foundation for any moneys or property so paid or transferred shall constitute a full discharge of and

acquittance to the Trustees under this, my Last Will and Testament, as regards any and all such moneys or property.

I direct my Trustees to pay over to the Foundation in monthly installments during the continuance of this trust all of the income and profits arising or accruing from the original corpus of this trust and from any additions of principal thereto and/or paid from time to time to my Trustees hereunder as the excess income of any other trust created under this, my Last Will and Testament, and from time to time, upon written demand duly certified in such manner as may be determined by the Board of Trustees of the Foundation and delivered to my Trustees hereunder, to pay over to the Foundation all or such part of the corpus of the trust held at such time by my Trustees as may be specified in said demand; provided, further, however, that my Trustees shall cause all of the corpus (as well as income) of the trust for the benefit of said Foundation (at such time remaining in the hands, custody and control of my Trustees), to be paid over to the Foundation upon the expiration of three (3) years subsequent to the date of my death, and to carry out these provisions my Trustees are authorized to make payments to said Foundation independent of and without requiring the delivery to the Trustees of written demands from the Board of Trustees of the Foundation; provided, further, that any funds or property which, pursuant to Article Eleven or any other article of this, my Last Will and Testament, shall, subsequent to three (3) years after the date of my death, become part of the trust for the benefit of said Foundation, shall, within thirty (30) days after the same shall have become part of said trust, be paid over to the Foundation.

It is my Will, and I so direct my Executors and Trustees, that any moneys, securities, other assets or property that shall be paid over or delivered to the Foundation shall be paid or delivered upon the express conditions (which conditions shall be accepted by the Foundation and in respect of which the Foundation shall give assurances satisfactory to my Executors and Trustees that said conditions will be complied with):

- (a) That all such moneys, securities or other assets or property, or the proceeds thereof, including both principal and income, shall be expended and disbursed by the Foundation for the purposes of said Foundation within the period of twenty-five (25) years from and after the date of my death;
- (b) That no part or portion of any such moneys, securities or other assets or property so paid over or delivered to the Foundation, or the proceeds thereof or any portion thereof, whether principal or income, shall be used for the purpose of the creation or funding of any endowment or endowment gifts, other than the endowments specifically provided for in subdivisions (3) and (4) of this Article Eleven of this, my Last Will and Testament.

My reason for imposing the restrictions and conditions in connection with the period of disbursement of said moneys, securities or other assets or property, as well as the purposes for which the same may be used, is because of my conviction that in the long run society is benefited by having each generation solve its own problems and provide the necessary funds for so doing, and that endowments, in order to be responsive to the ideals, wishes and needs of each respective generation, should be created by such generation.

I have during my lifetime suggested to the Board of Trustees of the Foundation (and I desire again to make such suggestions), that in connection with the carrying out of the objects of the Foundation said Board of Trustees shall, among other methods, employ the following:—

(1) That the Foundation endeavor to disseminate knowledge about and interest in American institutions among the citizens and residents of the United States, particularly those who were not born within the United States.

(2) That the Foundation, through appropriate and proper methods, shall use its best efforts to persuade the United States Government, through its own appropriate agencies, to print, publish and secure the distribution to every immigrant arriving in this country of a copy of the Constitution of the United States of America, printed in the language of the immigrant, together with a short explanation of the meaning and history of the Constitution, also in the language of the immigrant, and couched in ordinary and easily understood phraseology.

(3) That if its means permit the Foundation endow a Chair at Columbia University, in the City of New York, of which the incumbent professor shall give a course in American civilization and institutions or a cognate subject.

(4) That the Foundation provide one or more Fellowships at Columbia University, the University of Chicago, the University of Miami, and at other universities of equal academic standing in the United States, which Fellowships shall have for their purpose the study of American Institutions and the best ways of disseminating knowledge of such institutions, and methods of improving public spirit among our people.

(5) That the Foundation give an annual cash prize of substantial amount, preferably not less than Five Thousand Dollars (\$5,000), to that foreign-born person, whether citizen or not (provided only that such foreign-born person shall either have become a naturalized citizen of the United States or shall have, with all due expedition, taken steps to become a naturalized citizen of the United States), who, in the opinion of the authority established by the Foundation for the purpose, by word or deed has contributed most during the

year to the upbuilding of citizenship and public spirit in America, and the giving of another annual cash prize of equal amount to that native-born citizen, who, in the opinion of the authority established by the Foundation for the purpose, shall have by word or deed contributed most during the year to the up-building of citizenship and public spirit in America.

I desire to make it clear, however, that the above and foregoing is merely a suggestion on my part and is in no wise to be binding upon the Board of Trustees of the Foundation nor to impose any responsibility or duty whatsoever upon the Trustees under this, my Last Will and Testament, nor in any wise to condition or limit the absolute and unconditional gifts provided for under this, my Last Will and Testament, to be made to said Foundation, except as more specifically hereinabove provided in subparagraphs (a) and (b) of this Article Eleven of this, my Last Will and Testament.

TWELVE: In the event that any of the legatees hereinbefore named shall predecease me, or for any reason their legacies shall fail or lapse, unless otherwise specified in this, my Last Will and Testament, the amounts of their legacies shall revert to and become a part of the residuary estate provided for under Article Eleven of this, my Last Will and Testament.

THIRTEEN: Should any of the beneficiaries, annuitants or legatees under this, my Last Will and Testament, object to the probate thereof or in any wise, directly or indirectly, contest or aid in contesting the same or any of the provisions thereof, or the distribution of my estate thereunder, or institute or share in any proceeding to contest, impeach, impair or invalidate any of its provisions, any bequest or legacy, total value of annuity or any other beneficial interest of such person shall be reduced to the sum of One Dollar (\$1.00), and the balance of such legacy, total value of annuity or any other beneficial interest shall become a gift over and shall be paid over to the EMIL SCHWARZHAUPT FOUNDATION, INC., and form part of the bequest to said Emil Schwarzhaupt Foundation, Inc., provided for in Article Eleven of this, my Last Will and Testament.

* * * *

IN WITNESS WHEREOF, I have set my hand and seal to this, my Last Will and Testament, consisting of twenty-nine (29) typewritten pages, this page included, this 19th day of December, A.D. 1945.

[Signed] EMIL SCHWARZHAUPT (Seal)

SOURCE: *Last Will and Testament of Emil Schwarzhaupt*. 29 pp. Plano-graphed.

RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES
OF THE
EMIL SCHWARZHaupt FOUNDATION, INC.
APRIL 27, 1953

RESOLVED, That assets received by the Foundation from the Estate of Emil Schwarzhaupt pursuant to the Last Will and Testament of Emil Schwarzhaupt, deceased, and income therefrom, are designated as "restricted funds." It is the policy of the Foundation that restricted funds be allotted as grants for three classes of projects as follows:

Class A, projects for improvement of direct citizen participation in public affairs on a community basis;

Class B, projects for research into the problems of what it means to be an American and how a person becomes an American; and

Class C, projects that are clearly related to the general purposes set forth in paragraph ELEVEN of the Last Will and Testament of Emil Schwarzhaupt, deceased, and that offer some tangible and significant result having general applicability elsewhere and relatively large returns in proportion to cost;—

said categories being more fully described in the Report of April 1953 of the Committee on Education for American Citizenship of the University of Chicago, copy of which appears in the minute book following the minutes of this meeting.

The allotments for grants for Class A and Class B projects shall approximate in the aggregate 80% of the restricted funds, provided not over 10% of the amount allotted for such grants shall be allotted for Class B projects; and the allotments for grants for Class C projects shall approximate 20% of the restricted funds.

SOURCE: Letter from the Foundation dated January 14, 1958.

Committee of the Permanent Charity Fund Incorporated

[This brief paragraph from the Will of James Dean makes provision for the continuance of a highly personal service Mr. Dean himself had rendered to the Boston Light Vessel for many years. The vehicle is a trust fund, the income of which is administered by the Committee of the Permanent Charity Fund Incorporated, one of the earliest of the community trusts.]

EXTRACT FROM THE WILL OF JAMES DEAN

dated June 3, 1941

THIRD: I give and bequeath as follows:

(1) To said BOSTON SAFE DEPOSIT AND TRUST COMPANY as it is TRUSTEE OF PERMANENT CHARITY FUND under an AGREEMENT AND DECLARATION OF TRUST dated September 7, 1915, Ten Thousand Dollars (\$10,000), to be held upon the trusts of said AGREEMENT AND DECLARATION OF TRUST, with the request that out of the income provision be made for the delivery to the BOSTON LIGHT VESSEL of one (1) copy of each of the principal Sunday newspapers published in Boston, but not exceeding four (4) such papers, on each Sunday during the period beginning approximately the middle of April and ending approximately the middle of October in each year, thus continuing the practice which I have carried on during many years.

SOURCE: Copy of the pertinent paragraph of the Will supplied by the Permanent Charity Fund, 1957.

The Nellie B. Snavely Fund in The Cleveland Foundation

[This is an example of a fund set up within a community trust by specific reference in the Will to a named bank and the Resolution of the community trust. This Fund became effective in 1956, with an approximate value of \$500,000. Its disbursement is closely directed.]

LAST WILL AND TESTAMENT OF NELLIE B. SNAVELY

I, NELLIE B. SNAVELY (also known as NELLIE B. SCHNABLY), of Cleveland Heights, Ohio, being of sound mind and memory, do make, publish and declare this to be my Last Will and Testament, hereby revoking all other Last Wills and Testaments by me heretofore made.

ITEM I. I direct that all my just debts and funeral expenses be first paid. I also direct that my Executor shall pay out of my estate all inheritance taxes on legacies and bequests without requiring reimbursement from any beneficiary.

* * *

[Items II through XVIII concern a cemetery association, disposition of personal effects, cancellation of two indebtednesses, and bequests to relatives and friends of 50 per cent of the remaining estate.]

ITEM XIX. All the rest, residue and remainder of my estate, both real and personal, I give devise and bequeath to the CENTRAL NATIONAL BANK OF CLEVELAND, Cleveland, Ohio, as Trustee, to be managed, controlled, administered and disbursed in all respects for the charitable uses and purposes set forth in a resolution adopted by the Board of Directors of the Central National Bank of Cleveland, Cleveland, Ohio, on the 24th day of December, 1930, providing for a community charitable trust, designated in said resolution as THE CLEVELAND FOUNDATION, said resolution being set forth at length in the minutes of the meeting of the said Board of Directors, on the date aforesaid, as written in the corporate records "Minutes Volume for 1929 and 1930" of said records, which resolution and records are actually in existence at the time this Will is executed and are incorporated herein

as fully and with like effect as if herein written at length; and pursuant to the right reserved to the contributors to said Foundation, I hereby express my desire that the income/or principal herein for the charitable purposes of said THE CLEVELAND FOUNDATION, be distributed subject to the terms and provisions of a resolution for the following charitable purposes: One-half ($\frac{1}{2}$) of the net income of the Trust to be used to aid sick, crippled or needy children; one-sixth ($\frac{1}{6}$) to THE CLEVELAND COMMUNITY FUND; one-sixth ($\frac{1}{6}$) to LAKESIDE HOSPITAL, of Cleveland, Ohio, and one-sixth ($\frac{1}{6}$) to ST. JOHN'S HOSPITAL, of Cleveland, Ohio. I also direct that this fund be known as THE NELLIE B. SNAVELY FUND.

* * *

IN TESTIMONY WHEREOF, I have hereunto set my hand at Cleveland, Ohio, to this my Last Will and Testament consisting of three (3) pages and have affixed my initials to the preceding pages hereof this the 20th day of *June*, 1950.

(Signed) NELLIE B. SNAVELY

SOURCE: Copy of the Will from The Cleveland Foundation.

Trust Instruments

IN LAW, a trust is a fiduciary relationship in which one person holds property under a duty to deal with it for the benefit of another. In private trusts, the beneficiaries must be specified persons. In charitable trusts, the beneficiaries are usually persons not specifically named but belonging to a group or class; the purposes must be beneficial to the community; and the trust may be perpetual. Charitable trusts are the oldest form of philanthropic endowment, long antedating the use of the corporate device. In England, the term "charitable trusts" is still used as embracing all philanthropic endowment. In the United States, the corporate form for charitable endowment is so common that clear distinction must be made between trusts and corporations.

Trusts may be established in a variety of simple ways. The owner of property may create a charitable trust by a declaration that he holds the named property upon a charitable trust. He may transfer property to another person to hold upon a charitable trust—an *inter vivos* trust. His will may transfer property to another person to hold upon a charitable trust—a testamentary trust. Even an enforceable promise to pay money or convey property to another person as trustee for a charitable purpose creates a charitable trust.

Relative advantages and disadvantages of the trust as compared with the charitable corporation are discussed in the Preface.¹ A few foundations have changed from one form to the

¹ See pp. 15-16.

other; for purposes of direct comparison, we have included both the trust indenture¹ and the articles of incorporation² of the Helen Hay Whitney Foundation. But since significant differences exist between the laws of the various states, choice should be made in the light of these differences and with the special purposes of the organization itself in mind.

The preceding chapter, dealing with wills, is in a sense also a chapter on trusts, for these wills in their charitable provisions usually initiated testamentary trusts. This chapter presents a number of examples of *inter vivos* trusts, set up by a living donor or a corporation. It will be observed that most of these trusts spell out organizational structure in considerable detail.

¹ See pp. 122-129.

² See pp. 171-173.

Baron de Hirsch Fund

[Baron Maurice de Hirsch set up a fund of over two million dollars in 1891 to aid Jewish immigrants in the form of an inter vivos trust. The Deed of Trust outlines in detail the purposes of the Fund, limits investment to government and real-estate bonds except on unanimous vote of the trustees, and severely restricts expenditure of capital. The Trustees were instructed to form a corporation, and this they promptly did.]

DEED OF TRUST

WHEREAS, I, the BARON MAURICE DE HIRSCH, now residing in Paris, France, have observed with painful interest the suffering and destitution of the Hebrews dwelling in Russia and Roumania, where they are oppressed by severe laws and unfriendly neighbors; and have determined to contribute to the relief of such of my brethren in race, who have emigrated or shall emigrate from these inhospitable countries to the Republic of the United States of America, and

WHEREAS, I have requested Myer S. Isaacs, Jesse Seligman, Jacob H. Schiff, Oscar S. Straus, Henry Rice, James H. Hoffman, Julius Goldman, of the City of New York, and Mayer Sulzberger and William B. Hackenburg, of the City of Philadelphia, to act as Trustees of the Fund which I have determined to apply to the purposes herein specified, and they have for themselves and their successors accepted such Trust:

Now, in consideration of the premises, and of *one dollar* to me paid by the said Myer S. Isaacs, Jesse Seligman, Jacob H. Schiff, Oscar S. Straus, Henry Rice, James H. Hoffman, Julius Goldman, Mayer Sulzberger and William B. Hackenburg and their willingness and consent to act as such Trustees, I *do hereby give, grant, assign and transfer* to the said Myer S. Isaacs, Jesse Seligman, Jacob H. Schiff, Oscar S. Straus, Henry Rice, James H. Hoffman, Julius Goldman, Mayer Sulzberger and William B. Hackenburg and their successors the amount of *two million four hundred thousand dollars*, lawful money of the United States of America.

To have and to hold the said sum unto the said Myer S. Isaacs, Jesse Seligman, Jacob H. Schiff, Oscar S. Straus, Henry Rice, James H. Hoffman, Julius Goldman, Mayer Sulzberger and William B. Hackenburg and their successors upon the trusts hereinafter declared.

FIRST: The sum of two hundred and forty thousand dollars, or so much of the said sum as the Trustees or their successors shall from time

to time find necessary and shall appropriate for that purpose, shall be held by the said Trustees and their successors and paid over by them to a Corporation or Corporations to be created under their direction and during the lifetime of the first two Trustees named herein, or the survivor, and of which the said Trustees or their nominees shall be Trustees, for the purpose of acquiring and improving land, allotting farm holdings, and erecting and maintaining buildings and dwellings for the occupancy and use of such number of families of Hebrew emigrants from Russia and Roumania as they shall select, with power to allot and set apart such holdings on such terms as shall be deemed expedient, and to lease such dwellings, buildings and lands to occupants so selected, and to erect and maintain workshops, schools and other necessary buildings for the benefit of such settlers and for the promotion of education and for manual and agricultural training; and until such Corporation shall be duly organized in conformity with the provisions of this instrument, the income of such fund shall be held and expended by said Trustees or their successors for the relief and education of such emigrants as shall be selected by a majority of such Trustees or their successors.

SECOND: I direct such Trustees to organize forthwith during the lifetime of the two Trustees first named herein, or the survivor, and under the laws of such State or States in the United States as they shall determine, a Corporation or Corporations capable in law of performing the work and executing all or any of the purposes of this Trust as hereinafter declared, and which may not be included within the work and purposes set forth in the first article hereof, and that upon such Corporation or Corporations being duly organized the said Trustees shall pay over to said Corporation or Corporations so much of the residue of said capital sum of two million four hundred thousand dollars as they shall from time to time appropriate and meanwhile shall invest the said capital and apply the income to the uses and purposes hereinafter prescribed.

THIRD: I give and grant such capital sum of two million four hundred thousand dollars except so much thereof as is set apart under the first article hereof to the said Trustees and their successors upon the further trust that the Corporation or Corporations to be organized as aforesaid shall declare and maintain for their objects all or any of the purposes hereinafter stated, and primarily the education and relief of Hebrew emigrants from Europe, chiefly from Russia and Roumania, and the education and relief of the children of such emigrants, provided that the capital so appropriated be invested as prescribed in this instrument and the like provision be inserted in the by-laws of said Corporation or Corporations and that the income of the said fund shall be devoted to the said objects and purposes.

FOURTH: The objects and purposes of such Corporations created pursuant to the second article hereof, shall be declared in their respective charters and by-laws, shall be in conformity with the directions of this instrument and shall embrace all or any of the following:

1. Loans to emigrants from Russia or Roumania, actual agriculturists, settlers within the United States, upon real or chattel security.

2. Provision for the transportation of emigrants selected (after their arrival at an American port) with reference to their age, character and capacity, to places where it is expected the conditions of the labor market or the residence of friends will tend to make them self-supporting.

3. Provision for training emigrants in a handicraft and contributing to their support while learning such handicraft, and for furnishing the necessary tools and implements, and other assistance to enable them to earn a livelihood.

4. Provision for improved mechanical training for adults and youths—emigrants and their children—whereby persons of industry and capacity may acquire some remunerative employment, either by the payment of apprenticeship, or tuition fees, or the instruction of adults and minors in trade schools or otherwise, with contributions for temporary support.

5. Provision for instruction in the English language and in the duties and obligations of life and citizenship in the United States, and for technical and trade education, and the establishment and subvention of special schools, workshops and other suitable agencies for promoting and maintaining such instruction.

6. Provision for instruction in agricultural work and improved methods of farming and for aiding settlers with tools and implements, and the practical supervision of such instruction, conducted upon suitable tracts of land and in necessary buildings.

7. Co-operation with established agencies in various sections of the United States, whose duty it shall be in whole or in part to furnish aid or relief, and education to needy and deserving applicants coming within the classes designated herein.

8. Contributions towards the maintenance of individuals and families, selected by such Corporation or Corporations, while temporarily awaiting work, or when settled in the new homes in which they may be established.

9. Such other and further modes of relief and such other and further contributions to education and in such departments of knowledge as the said Trustees or their successors or said Corporation shall from time to time decide.

FIFTH: It is my express direction to the Trustees and their successors herein named that they shall appoint and regulate at such places within the United States, as they shall deem advisable, Agents or Committees whose duty it shall be to co-operate with the Trustees and their successors in the selection of persons, coming within the classes hereinbefore declared, for relief from the fund; and in the details of local provision for work, education and maintenance.

And I desire to leave to the Trustees and their successors the formal details of administration; and, I empower them to make the necessary provisions for the expense of maintaining these Trusts, relying upon them to choose competent and faithful agents, and to exercise vigilant supervision in all departments.

And in the event of the death or resignation of any of said Trustees or their successors, and as often as such event shall occur, I *hereby authorize and empower* the remaining Trustees or their successors by a vote of the majority of the Trustees for the time being to fill the vacancy occasioned by such death or resignation.

It is understood that the Trustees and their successors render their services gratuitously; and I expressly stipulate that they shall not be held personally responsible for their acts as such Trustees.

SIXTH: It is my especial desire that the Trustees and their successors shall not be precluded from receiving additional contributions from any source to the fund I have hereby created, or from distributing such additional contributions among the Corporations and Agencies that shall be organized or selected to carry out the purposes of this Trust.

And it is my desire that in the event of the cessation or substantial reduction of emigration from Russia or Roumania, the Trustees herein named and their successors shall in their discretion take the necessary legal steps by amendment of the Charter or By-Laws of the Corporation or Corporations or otherwise for the application of the residue of the Trust Fund to such purposes and objects herein declared as shall in their judgment be maintainable, and in addition, such other and further modes of relief and such other and further contributions to education for the benefit of the children of emigrants and for the support of widows and orphans of emigrants and for the extension of the benefits contemplated by this Trust to other Hebrew emigrants besides Russians and Roumanians as the said Trustees or their successors shall decide.

SEVENTH: *Should* any of the purposes or objects declared and contemplated in and by this instrument be incapable of performance as trusts or by a Corporation, it is my desire that they shall, nevertheless, if practicable, be carried out by the persons herein named, in their discretion, and for that purpose, and with the view that the objects herein specified shall be fully and completely effectuated I hereby

designate and appoint Myer S. Isaacs, Jesse Seligman, Jacob H. Schiff, Oscar S. Straus, Henry Rice, James H. Hoffman, Julius Goldman, Mayer Sulzberger and William B. Hackenburg, and the survivors jointly as my attorneys to make, execute, and deliver such instruments as shall have the effect of appropriating said fund, and of apportioning the moneys or securities constituting the same or so much thereof as they shall deem necessary to carry out such objects respectively, and to pay out said moneys and deliver said securities accordingly, giving to my said attorneys and the survivors the power of designating successors to all or any of their number who shall die or resign or become disqualified, and the power of holding and transferring, as shall be directed by the majority of their number, such moneys, stocks, bonds, mortgages and other securities, part of the capital of the fund as shall from time to time be found expedient, and the power of investing and reinvesting the said capital and such other powers in the premises as shall be requisite to carry out the purposes and objects herein declared and contemplated.

EIGHTH: I *desire* the Trustees and their successors to provide that the capital of the fund be invested in bonds of the United States of America or of any State, City or County thereof or upon bonds secured by mortgage on unencumbered real estate within the United States and that this provision shall not be altered except by the unanimous vote of the Trustees or their successors.

NINTH: *While* it is my desire that with the exception of the sum of two hundred and forty thousand dollars appropriated for the purposes and objects in the first article hereof, no part of the capital shall be expended, but the same shall be invested, and the income only be appropriated and expended as hereinbefore stated: I, nevertheless, authorize the Trustees herein designated and their successors to assent to an expenditure from the capital should it be deemed expedient or should the income prove insufficient adequately to carry out the purposes herein declared, provided, however, that no encroachment upon the capital shall be allowed beyond an amount deemed necessary and authorized by the written assent of two-thirds of the Trustees herein named, and their successors, for the time being and no encroachment upon the capital shall be allowed until the expiration of ten years from the date hereof, and in such cases only for the purpose of the purchase of land and the erection of buildings for schools, workshops, and other purposes contemplated by the provisions of sub-divisions five and six of the fourth article hereof, and not more than ten per cent of the capital shall be expended in any year.

IN WITNESS WHEREOF, I have hereunto set my hand and seal at Paris, France, the Twenty-second day of January, in the year one thousand eight hundred and ninety-one.

In the presence of (Signed) M. DE HIRSCH
ADAM E. KING,
JULES DOET,
ROBERT M. HOOPER,
Vice Consul General, Paris.

(acknowledged before U. S. Consul General in Paris, Jan. 22, 1891.)

We do hereby accept the Trusts set forth in the above instrument.

In the presence of:

A. S. SOLOMONS,
MYER S. ISAACS,
JESSE SELIGMAN,
JACOB H. SCHIFF,
OSCAR S. STRAUS,
HENRY RICE,
JAMES H. HOFFMAN,
JULIUS GOLDMAN,
MAYER SULZBERGER,
WM. B. HACKENBURG.

(Recorded in the Office of the Register of the City and County of New York, in Liber 1 of Miscellaneous Instruments, page 11, on the 9th day of February, A.D. 1891.)

SOURCE: Joseph, Samuel, *History of the Baron de Hirsch Fund: The Americanization of the Jewish Immigrant*. Jewish Publication Society, New York, 1935, pp. 278-282.

The Duke Endowment

[This trust indenture sets up a large perpetuity that also accumulates a portion of income up to a stated amount. It has many specific provisions, including geographical limitation, payment of trustees, and investments limited to certain federal, state, and municipal bonds and securities of Duke Power Company, and can only dispose of the common stock of the latter by unanimous vote of the trustees.]

INDENTURE OF JAMES B. DUKE ESTABLISHING THE DUKE ENDOWMENT

THIS INDENTURE made in quadruplicate this 11th day of December, 1924, by and between JAMES B. DUKE, residing at Duke Farms, near Somerville, in the County of Somerset, and State of New Jersey, United States of America, party of the first part, and NANALINE H. DUKE, of Somerville, N. J., GEORGE G. ALLEN, of Hartsdale, N. Y., WILLIAM R. PERKINS, of Montclair, N. J., WILLIAM B. BELL, of New York City, N. Y., ANTHONY J. DREXEL BIDDLE, JR., of New York City, N. Y., WALTER C. PARKER, of New Rochelle, N. Y., ALEX. H. SANDS, JR., of Montclair, N. J., WILLIAM S. LEE, of Charlotte, N. C., CHARLES I. BURKHOLDER, of Charlotte, N. C., NORMAN A. COCKE, of Charlotte, N. C., EDWARD C. MARSHALL, of Charlotte, N. C. and BENNETTE E. GEER, of Greenville, S. C. as trustees and their successors as trustees under and in accordance with the terms of this Indenture, to be known as the Board of Trustees of this Endowment, parties of the second part,

WITNESSETH:

That in order to effectuate the trusts hereby created, the first party has given, assigned, transferred and delivered, and by these presents does give, assign, transfer and deliver, the following property, to wit:

- 122,647 Shares of Stock of Duke Power Company, a corporation organized and existing under the laws of the State of New Jersey.
- 100,000 Ordinary Shares of the Stock of British-American Tobacco Company, Limited, a corporation organized and existing under the laws of Great Britain.
- 75,000 Shares of the Common "B" Stock of R. J. Reynolds Tobacco Company, a corporation organized and existing under the laws of said State of New Jersey.

5,000 Shares of the Common Stock of George W. Helme Company, a corporation organized and existing under the laws of said State of New Jersey.

12,325 Shares of the Stock of Republic Cotton Mills, a corporation organized and existing under the laws of the State of South Carolina.

7,935-3/10 Shares of the Common Stock of Judson Mills, a corporation organized and existing under the laws of said State of South Carolina.

unto said trustees and their successors as trustees hereunder, in trust, to be held, used, managed, administered and disposed of, as well as all additions and accretions thereto and all incomes, revenues and profits thereof and therefrom, forever for the charitable purposes, in the manner and upon the terms herein expressly provided, and not otherwise, namely:

FIRST

The trust established by this Indenture is hereby denominated The Duke Endowment, and shall have perpetual existence.

SECOND

Each trustee herein named, as well as each trustee selected hereunder, shall be and remain a trustee so long as such trustee shall live and continue mentally and physically capable of performing the duties of a trustee hereunder, subject to resignation and to removal as hereinafter stated. The number of trustees within two years from the date of this Indenture shall be increased to, and thereafter remain at, fifteen, such increase being made by vote of the trustees at any meeting. He suggests, but does not require, that, so far as practicable, no one may be selected trustee if thereby at such time a majority of the trustees be not natives and/or residents of the States of North Carolina and/or South Carolina. It is the wish of the party of the first part, and he so directs, that his daughter, Doris Duke, upon attaining the age of twenty-one years, shall be made a trustee hereunder, for that purpose being elected to fill any vacancy then existing, or, if there be no such vacancy, added to the trustees thereby making the number of trustees sixteen until the next occurring of a vacancy, whereupon the number of trustees shall again become and remain fifteen.

Subject to the terms of this Indenture, the trustees may adopt and change at any time rules and regulations which shall govern in the management and administration of the trust and trust property.

Meetings of the trustees shall be held at least ten times in each calendar year at such time and place and upon such notice as the rules and regulations may provide. Other meetings of the trustees may be

held upon the call in writing of the chairman or a vice-chairman or any three trustees given in accordance with the rules and regulations, at such place and time and for such purpose as may be specified in the call. A majority of the then trustees shall constitute a quorum at any such meeting, but less than a majority may adjourn any such meeting from time to time and from place to place until a quorum shall be present. The affirmative vote of the majority of a quorum shall be necessary and sufficient at any such meeting to authorize or ratify any action by the trustees hereunder, except as herein otherwise expressly provided. Written records, setting forth all action taken at said meetings and the voting thereon, shall be kept in a permanent minute book of the trustees, and shall be signed by each trustee present at the meeting.

The trustees shall select annually from their number a chairman and two vice-chairmen, and a secretary and a treasurer, who need not be trustees. Such officers shall hold office for one year and thereafter until their respective successors shall be selected. The compensation of the secretary and treasurer shall be that fixed by the trustees.

The trustees shall establish an office, which may be changed from time to time, which shall be known as the principal office of this trust, and at it shall be kept the books and papers other than securities relating to this trust.

By the affirmative vote of a majority of the then trustees any officer, and by the affirmative vote of three-fourths of the then trustees any trustee, may be removed for any cause whatever at any meeting of the trustees called for the purpose in accordance with the rules and regulations.

Vacancies occurring among the trustees from any cause whatever (for which purpose an increase in the number of trustees shall be deemed to cause vacancies to the extent of such increase in number of trustees) may be filled by the remaining trustees at any meeting of the trustees, and must be so filled within six months after the vacancy occurs; provided that no person (except said Doris Duke) shall remain or become a trustee hereunder who shall not be or at once become a trustee under the trust this day being created by the party of the first part by Indenture which will bear even date herewith for his said daughter and his kin and their descendants, so long as said latter trust shall be in existence.

Each trustee shall be paid at the end of each calendar year one equal fifteenth part of three per cent of the incomes, revenues and profits received by the trustees upon the trust properties and estate during such year, provided that if any trustee by reason of death, resignation, or any other cause, shall have served during only a part of such year, there shall be paid to such trustee, if alive, or if such trustee be dead then to the personal representatives of such trustee, such a part of said one-

fifteenth as the time during which said trustee served during such year shall bear to the whole of such year, such payment to be in full for all services as trustee hereunder and for all expenses of the trustees. In the event that any trustee shall serve in any additional capacity (other than as chairman or vice-chairman) the trustees may add to the foregoing compensation such additional compensation as the trustees may think such trustee should receive by reason of serving in such additional capacity.

No act done by any one or more of the trustees shall be valid or binding unless it shall have been authorized or until it shall be ratified as required by this Indenture.

The trustees are urged to make a special effort to secure persons of character and ability, not only as trustees, but as officials and employees.

THIRD

For the purpose of managing and administering the trust, and the properties and funds in the trust, hereby created, said trustees shall have and may exercise the following powers, namely:

To manage and administer in all respects the trust hereby created and the properties and funds held and arising hereunder, in accordance with the terms hereof, obtaining and securing for such purpose such assistants, office space, force, equipment and supplies, and any other aid and facilities, upon such terms, as the trustees may deem necessary from time to time.

To hold, use, manage, administer and dispose of each and every of the properties which at any time, and from time to time, may be held in this trust, and to collect and receive the incomes, revenues and profits arising therefrom and accruing thereto, provided that said trustees shall not have power to dispose of the whole or any part of the share capital (or rights of subscription thereto) of Duke Power Company, a New Jersey corporation, or of any subsidiary thereof, except upon and by the affirmative vote of the total authorized number of trustees at a meeting called for the purpose, the minutes of which shall state the reasons for and terms of such sale.

To invest any funds from time to time arising or accruing through the receipt and collection of incomes, revenues and profits, sale of properties, or otherwise, provided the said trustees may not lend the whole or any part of such funds except to said Duke Power Company, nor may said trustees invest the whole or any part of such funds in any property of any kind except in securities of said Duke Power Company, or of a subsidiary thereof, or in bonds validly issued by the United States of America, or by a State thereof, or by a district, county, town or city which has a population in excess of fifty thousand people according to the then last Federal census, which is located in the United States of

America, which has not since 1900 defaulted in the payment of any principal or interest upon or with respect to any of its obligations, and the bonded indebtedness of which does not exceed ten per cent of its assessed values. Provided further that whenever the said trustees shall desire to invest any such funds the same shall be either lent to said Duke Power Company or invested in the securities of said Duke Power Company or of a subsidiary thereof, if and to the extent that such a loan or such securities are available upon terms and conditions satisfactory to said trustees.

To utilize each year in accordance with the terms of this Indenture the incomes, revenues and profits arising and accruing from the trust estate for such year in defraying the cost, expenses and charges incurred in the management and administration of this trust and its funds and properties, and in applying and distributing the net amount of such incomes, revenues and profits thereafter remaining to and for the objects and purposes of this trust.

As respects any year or years and any purpose or purposes for which this trust is created (except the payments hereinafter directed to be made to Duke University) the trustees in their uncontrolled discretion may withhold the whole or any part of said incomes, revenues and profits which would otherwise be distributed under the "FIFTH" division hereof, and either (1) accumulate the whole or any part of the amounts so withheld for expenditures (which the trustees are hereby authorized to make thereof) for the same purpose in any future year or years, or (2) add the whole or any part of the amounts so withheld to the corpus of the trust, or (3) pay, apply and distribute the whole or any part of said amounts to and for the benefit of any one or more of the other purposes of this trust, or (4) pay, apply and distribute the whole or any part of said amounts to or for the benefit of any such like charitable, religious or educational purpose within the State of North Carolina and/or the State of South Carolina, and/or any such like charitable hospital purpose which shall be selected therefor by the affirmative vote of three-fourths of the then trustees at any meeting of the trustees called for the purpose, complete authority and discretion in and for such selection and utilization being hereby given the trustees in the premises.

By the consent of three-fourths of the then trustees expressed in a writing signed by them, which shall state the reasons therefor and be recorded in the minutes of the trustees, and not otherwise, the trustees may (1) cause to be formed under the laws of such state or states as may be selected by the trustees for that purpose a corporation or corporations so incorporated and empowered as that the said corporation or corporations can and will assume and carry out in whole or in part the trust hereby created, with the then officers and trustees hereof officers and directors thereof, with like powers and duties, and (2) convey, transfer

and deliver to said corporation or corporations the whole or any part of the properties then held in this trust, to be held, used, managed, administered and disposed of by said corporation or corporations for any one or more of the charitable purposes expressed in this Indenture and upon all the terms and with all the terms, powers and duties expressed in this Indenture with respect to the same, provided that such conveyances, transfers and deliveries shall be upon such terms and conditions as that in case any such corporation or corporations shall cease to exist for any cause the property so transferred shall forthwith revert and belong to the trustees of this trust and become a part of the corpus of this trust for all the purposes thereof.

Said trustees shall have and may exercise, subject to the provisions of this Indenture, any and all other powers which are necessary or desirable in order to manage and administer the trust and the properties and funds thereof and carry out and perform in all respects the terms of this Indenture according to the true intent thereof.

Any assignment, transfer, bill of sale, deed, conveyance, receipt, check, draft, note, or any other document of paper whatever, executed by or on behalf of the trustees, shall be sufficiently executed when signed by the person or persons authorized so to do by a resolution of the trustees duly adopted at any meeting and in accordance with the terms of such resolution.

FOURTH

The trustees hereunder are hereby authorized and directed to expend as soon as reasonably may be not exceeding Six Million Dollars of the corpus of this trust in establishing at a location to be selected by them within the State of North Carolina an institution of learning to be known as Duke University, for such purpose to acquire such lands and erect and equip thereon such buildings according to such plans as the trustees may in their judgment deem necessary and adopt and approve for the purpose, to cause to be formed under the laws of such state as the trustees may select for the purpose a corporation adequately empowered to own and operate such properties under the name Duke University as an institution of learning according to the true intent hereof, and to convey to such corporation when formed the said lands, buildings and equipment upon such terms and conditions as that such corporation may use the same only for such purposes of such university and upon the same ceasing to be so used then the same shall forthwith revert and belong to the trustees of this trust as and become a part of the corpus of this trust for all of the purposes thereof.

However, should the name of Trinity College, located at Durham, North Carolina, a body politic and incorporate, within three months from the date hereof (or such further time as the trustees hereof may

allow) be changed to Duke University, then, in lieu of the foregoing provisions of this division "FOURTH" of this Indenture, as a memorial to his father, Washington Duke, who spent his life in Durham and whose gifts, together with those of Benjamin N. Duke, the brother of the party of the first part, and of other members of the Duke family, have so largely contributed toward making possible Trinity College at that place, he directs that the trustees shall expend of the corpus of this trust as soon as reasonably may be a sum not exceeding Six Million Dollars in expanding and extending said University, acquiring and improving such lands and erecting, removing, remodeling and equipping such buildings, according to such plans, as the trustees may adopt and approve for such purpose to the end that said Duke University may eventually include Trinity College as its undergraduate department for men, a School of Religious Training, a School for Training Teachers, a School of Chemistry, a Law School, a Co-ordinate College for Women, a School of Business Administration, a Graduate School of Arts and Sciences, a Medical School and an Engineering School, as and when funds are available.

FIFTH

The trustees hereof shall pay, apply, divide and distribute the net amount of said incomes, revenues and profits each calendar year as follows, to wit:

Twenty per cent of said net amount shall be retained by said trustees and added to the corpus of this trust as a part thereof for the purpose of increasing the principal of the trust estate until the total aggregate of such additions to the corpus of the trust shall be as much as Forty Million Dollars.

Thirty-two per cent of said net amount not retained as aforesaid for addition to the corpus of this trust shall be paid to that Duke University for which expenditures of the corpus of the trust shall have been made by the trustees under the "FOURTH" division of this Indenture so long as its name shall be Duke University and it shall not be operated for private gain, to be utilized by its Board of Trustees in defraying its administration and operating expenses, increasing and improving its facilities and equipment, the erection and enlargement of buildings and the acquisition of additional acreage for it, adding to its endowment, or in such other manner for it as the Board of Trustees of said institution may from time to time deem to be to its best interests, provided that in case such institution shall incur any expense or liability beyond provision already in sight to meet same, or in the judgment of the trustees under this Indenture be not operated in a manner calculated to achieve the results intended hereby, the trustees under this Indenture may withhold the whole or any part of such percentage from said institution so

long as such character of expense or liabilities or operations shall continue, such amounts so withheld to be in whole or in part either accumulated and applied to the purposes of such University in any future year or years, or utilized for the other objects of this Indenture, or added to the corpus of this trust for the purpose of increasing the principal of the trust estate, as the trustees may determine.

Thirty-two per cent of said net amount not retained as aforesaid for addition to the corpus of this trust shall be utilized for maintaining and securing such hospitals, not operated for private gain, as the said trustees, in their uncontrolled discretion, may from time to time select for the purpose and are located within the States of North Carolina and/or South Carolina, such utilization to be exercised in the following manner, namely: (a) By paying to each and every such hospital, whether for white or colored, and not operated for private gain, such sum (not exceeding One Dollar) per free bed per day for each and every day that said free bed may have been occupied during the period covered by such payment free of charge by patients unable to pay as the amount available for this purpose hereunder will pay on a pro rata basis; and (b) in the event that said amount in any year shall be more than sufficient for the foregoing purpose, the whole or any part of the residue thereof may be expended by said trustees in assisting in the erection and/or equipment within either or both of said States of any such hospital not operated for private gain, payment for this purpose in each case to be in such amount and on such terms and conditions as the trustees hereof may determine. In the event that said amount in any year be more than sufficient for both of the aforesaid purposes, the trustees in their uncontrolled discretion may pay and expend the whole or any part of the residue thereof in like manner for maintaining and securing hospitals not operated for private gain in any other State or States, giving preference, however, to those States contiguous to the States of North Carolina and South Carolina. And said trustees as respects any year may exclude from participation hereunder any hospital or hospitals which the trustees in their uncontrolled discretion may think so financed as not to need, or so maintained and operated as not to deserve, inclusion hereunder.

Five per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid to Davidson College (by whatever name it may be known) now located at Davidson, in the State of North Carolina, so long as it shall not be operated for private gain, to be utilized by said institution for any and all of the purposes thereof.

Five per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid to Furman University (by whatever name it may be known) now located at Greenville, in the State of

South Carolina, so long as it shall not be operated for private gain, to be utilized by said institution for any and all of the purposes thereof.

Four per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid to the Johnson C. Smith University (by whatever name it may be known), an institution of learning for colored people, now located at Charlotte, in said State of North Carolina, so long as it shall not be operated for private gain, to be utilized by said institution for any and all of the purposes thereof.

Ten per cent of said net amount not retained as aforesaid for addition to the corpus of this trust shall be paid and distributed to and among such of those organizations, institutions, agencies and/or societies, whether public or private, by whatsoever name they may be known, not operated for private gain, which during such year in the judgment of said trustees have been properly operated as organizations, institutions, agencies and/or societies for the benefit of white or colored whole or half orphans within the States of North Carolina and/or South Carolina, and in such amounts as between and among such organizations, institutions, agencies and/or societies as may be selected and determined as respects each year by said trustees in their uncontrolled discretion, all such payments and distributions to be used by such organizations, institutions, agencies and/or societies exclusively for the benefit of such orphans.

Two per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid and expended by the trustees for the care and maintenance of needy and deserving superannuated preachers and needy and deserving widows and orphans of deceased preachers who shall have served in a Conference of the Methodist Episcopal Church, South (by whatever name it may be known) located in the State of North Carolina.

Six per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid and expended by the trustees in assisting (that is, in giving or lending in no case more than fifty per cent of what may be required for the purpose) to build Methodist churches under and connected with a Conference of the Methodist Episcopal Church, South (by whatever name it may be known) located in the State of North Carolina, but only those churches located in the sparsely settled rural districts of the State of North Carolina, and not in any city, town or hamlet, incorporated or unincorporated, having a population in excess of fifteen hundred people according to the then last Federal census.

Four per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid and expended by the trustees in assisting (that is, in giving or lending in no case more than fifty per cent of what may be required for the purpose) to maintain and

operate the Methodist churches of such a Conference which are located within the sparsely settled rural districts of the State of North Carolina, and not in any city, town or hamlet, incorporated or unincorporated, having a population in excess of fifteen hundred people according to the then last Federal census.

Expenditures and payments made hereunder for maintaining such superannuated preachers, and such widows and orphans, as well as for assisting to build, maintain and operate such Methodist churches, shall be in the uncontrolled discretion of the trustees as respects the time, terms, place, amounts and beneficiaries thereof and therefor; and he suggests that such expenditures and payments be made through the use of said Duke University as an agency for that purpose so long as such method is satisfactory to the trustees hereof.

SIXTH

Subject to the other provisions of this Indenture, said trustees may pay, apply, divide and distribute such incomes, revenues and profits at such time or times as may in their discretion be found best suited to the due administration and management of this trust, but only for the purposes allowed by this Indenture.

In the event that any stock dividend or rights shall be declared upon any of the stock held under this instrument, the said stock and rights distributed pursuant thereto shall for all purposes be treated and deemed to be principal even though the said stock dividend and/or rights shall represent earnings.

No trustee hereby appointed and no trustee selected in pursuance of any powers herein contained shall be required to give any bond or other security for the performance of his, her or its duties as such trustee, nor shall any trustee be required to reserve any part of the income of any investment or security for the purpose of creating a sinking fund to retire or absorb the premium in the case of bonds or any other securities whatever taken over, purchased or acquired by the trustees at a premium.

The term "subsidiary" as herein used shall mean any company at least fifty-one per cent of the voting share capital of which is owned by said Duke Power Company.

The party of the first part hereby expressly reserves the right to add to the corpus of the trust hereby established by way of last will and testament and/or otherwise, and in making such additions to stipulate and declare that such additions and the incomes, revenues and profits accruing from such additions shall be used and disposed of by the trustees for any of the foregoing and/or any other charitable purposes, with like effect as if said additions, as well as the terms concerning same and the incomes, revenues and profits thereof, had been originally in-

incorporated herein. In the absence of any such stipulation or declaration each and every such addition shall constitute a part of the corpus of this trust for all of the purposes of this Indenture.

SEVENTH

The party of the first part hereby declares for the guidance of the trustees hereunder:

For many years I have been engaged in the development of water powers in certain sections of the States of North Carolina and South Carolina. In my study of this subject I have observed how such utilization of a natural resource, which otherwise would run in waste to the sea and not remain and increase as a forest, both gives impetus to industrial life and provides a safe and enduring investment for capital. My ambition is that the revenues of such developments shall administer to the social welfare, as the operation of such developments is administering to the economic welfare, of the communities which they serve. With these views in mind I recommend the securities of the Southern Power System (the Duke Power Company and its subsidiary companies) as the prime investment for the funds of this trust; and I advise the trustees that they do not change any such investment except in response to the most urgent and extraordinary necessity; and I request the trustees to see to it that at all times these companies be managed and operated by the men best qualified for such a service.

I have selected Duke University as one of the principal objects of this trust because I recognize that education, when conducted along sane and practical, as opposed to dogmatic and theoretical, lines, is, next to religion, the greatest civilizing influence. I request that this institution secure for its officers, trustees and faculty men of such outstanding character, ability and vision as will insure its attaining and maintaining a place of real leadership in the educational world, and that great care and discrimination be exercised in admitting as students only those whose previous record shows a character, determination and application evincing a wholesome and real ambition for life. And I advise that the courses at this institution be arranged, first, with special reference to the training of preachers, teachers, lawyers and physicians, because these are most in the public eye, and by precept and example can do most to uplift mankind, and, second, to instruction in chemistry, economics and history, especially the lives of the great of earth, because I believe that such subjects will most help to develop our resources, increase our wisdom and promote human happiness.

I have selected hospitals as another of the principal objects of this trust because I recognize that they have become indispensable institutions, not only by way of ministering to the comfort of the sick but in increasing the efficiency of mankind and prolonging human life. The

advance in the science of medicine growing out of discoveries, such as in the field of bacteriology, chemistry and physics, and growing out of inventions such as the X-ray apparatus, make hospital facilities essential for obtaining the best results in the practice of medicine and surgery. So worthy do I deem the cause and so great do I deem the need that I very much hope that the people will see to it that adequate and convenient hospitals are assured in their respective communities, with especial reference to those who are unable to defray such expenses of their own.

I have included orphans in an effort to help those who are most unable to help themselves, a worthy cause, productive of truly beneficial results in which all good citizens should have an abiding interest. While in my opinion nothing can take the place of a home and its influences, every effort should be made to safeguard and develop these wards of society.

And, lastly, I have made provision for what I consider a very fertile and much neglected field for useful help in religious life, namely, assisting by way of support and maintenance in those cases where the head of the family through devoting his life to the religious service of his fellow men has been unable to accumulate for his declining years and for his widow and children, and assisting in the building and maintenance of churches in rural districts where the people are not able to do this properly for themselves, believing that such a pension system is a just call which will secure a better grade of service and that the men and women of these rural districts will amply respond to such assistance to them, not to mention our own Christian duty regardless of such results. Indeed, my observation and the broad expanse of our territory make me believe it is to these rural districts that we are to look in large measure for the bone and sinew of our country.

From the foregoing it will be seen that I have endeavored to make provision in some measure for the needs of mankind along physical, mental and spiritual lines, largely confining the benefactions to those sections served by these water power developments. I might have extended this aid to other charitable objects and to other sections, but my opinion is that so doing probably would be productive of less good by reason of attempting too much. I therefore urge the trustees to seek to administer well the trust hereby committed to them within the limits set, and to this end that at least at one meeting each year this Indenture be read to the assembled trustees.

EIGHTH

This Indenture is executed by a resident of the State of New Jersey in said State, is intended to be made, administered and given effect under and in accordance with the present existing laws and statutes of

said State, notwithstanding it may be administered and the beneficiaries hereof may be located in whole or in part in other states, and the validity and construction thereof shall be determined and governed in all respects by such laws and statutes.

It being the purpose and intention of this Indenture that no part of the corpus or income of the trust estate hereby created shall ever for any cause revert to the party of the first part, or to his heirs, personal representatives or assigns, it is hereby declared that: (a) Each object and purpose of this trust shall be deemed and treated as separate and distinct from each and every other object and purpose thereof to the end that no provision of this trust shall be deemed or declared illegal, invalid or unenforceable by reason of any other provision or provisions of this trust being adjudged or declared illegal, invalid or unenforceable; and that in the event of any one or more of the provisions of this trust being declared or adjudged illegal, invalid or unenforceable that each and every other provision of this trust shall take effect as if the provision or provisions so declared or adjudged to be illegal, invalid or unenforceable had never been contained in this Indenture; and any and all properties and funds which would have been utilized under and pursuant to any provision so declared or adjudged illegal, invalid or unenforceable shall be utilized under and in accordance with the other provisions of this Indenture which shall not be declared or adjudged illegal, invalid or unenforceable; and (b) in the event any beneficiary for which provision is herein made shall cease to exist for any cause whatever, then so much of the funds and properties of this trust as otherwise would be utilized for the same shall be thereafter utilized for the remaining objects and purposes of this trust.

IN WITNESS WHEREOF, the said JAMES B. DUKE, at his residence at Duke Farms in the State of New Jersey, has subscribed his name and affixed his seal to this Indenture, consisting with this page and the preceding and following pages of twenty-one pages, each page of which, except the following page, he has identified by signing his name on the margin thereof, all on the day and year first above written.

JAMES B. DUKE (L.S.)

Witnesses:

CLARENCE E. CASE
FORREST HYDE
CLARENCE E. MAPES

SOURCE: *Duke Endowment, Established by James B. Duke*. The Endowment, 1932, pp. 1-29.

W. K. Kellogg Foundation

[Trust Instrument No. 5315 is basic in the setting up of the W. K. Kellogg Foundation, though the latter is a separate corporation with portions of its income from sources other than this Trust. Many detailed instructions concerning investment policies, drafts upon principal, and the like, are contained in this trust instrument. Amendments to October 6, 1951, are incorporated in the text that follows.]

PROVISIONS OF TRUST AGREEMENT

THIS AGREEMENT, made and entered into this 27th day of July, A.D. 1934, by and between W. K. KELLOGG, JOHN L. KELLOGG, JR., individually and future cotrustee of the W. K. Kellogg Trust, Dated November 12, 1931, also known as Trust Number 5315, W. K. KELLOGG FOUNDATION, a corporation of Michigan, having its principal place of business now located in the City of Battle Creek, Michigan, HARRIS TRUST AND SAVINGS BANK, an Illinois corporation, now located in the City of Chicago, Illinois, and JAMES STUART PRITCHARD, as trustees of the W. K. Kellogg Trust, Dated November 12, 1931, also known as Trust Number 5315, WITNESSETH that:

WHEREAS, W. K. Kellogg on or about November 12, 1931, created a certain trust agreement with said Harris Trust and Savings Bank as trustee for the benefit of John L. Kellogg, Jr. and W. K. Kellogg Foundation, and under the agreement creating such trust reserved full right, power and authority to revoke said agreement and the trust thereby evidenced, in whole or in part, upon giving written notice to said trustee; and

WHEREAS, thereafter, to wit, on November 22, 1932, said trust agreement was amended in certain minor particulars and said James Stuart Pritchard was appointed cotrustee with said Harris Trust and Savings Bank; and

WHEREAS, thereafter, to wit, on December 27, 1932, and again on August 2, 1933, said W. K. Kellogg further amended the terms of said trust whereby the entire net income of Trust Fund A and Trust Fund B created by said trust agreement is payable to said W. K. Kellogg Foundation until December 31, 1934 and said trust was made irrevocable until after December 31, 1934 and was to be irrevocable thereafter unless said W. K. Kellogg shall have given to the trustees on or

before December 15th of the preceding calendar year written notice of his intention to revest title to the corpus of said trust in himself; and

WHEREAS, all of the parties hereto above named are now desirous of amending the said trust in the manner hereinafter stated, and said W. K. Kellogg is willing at this time to waive his power of revocation of the said trust as hereby amended, except as is otherwise expressly provided herein; and

WHEREAS, said John L. Kellogg, Jr. is desirous of vesting in said W. K. Kellogg Foundation any right, title or interest which he may have in Trust Fund A of said trust:

NOW, THEREFORE, It is agreed by and between all of the parties hereto that the trust estate (that is to say, Trust Funds A and B which are hereby consolidated into one trust estate) created by said agreement dated November 12, 1931, together with such additional investments and cash as hereafter may be assigned, transferred, conveyed, devised or bequeathed to the trustees by any person whomsoever, hereafter shall be held upon and subject to the terms and conditions—and the said trust agreement and all amendments thereof, and the amendments and changes made by this agreement, are hereby restated—as follows:

ARTICLE ONE

Designation of Trust

The said trust hereafter shall be known as and designated the "W. K. KELLOGG FOUNDATION TRUST" and also as "TRUST NUMBER 5315."

Additional assets or property, or interests therein, may be assigned, transferred, conveyed, devised or bequeathed to the trustees by any person whomsoever, upon and subject to the terms and conditions of this trust and any amendments, changes or modifications hereof.

ARTICLE TWO

Trustees

The trustees of the said trust henceforth shall be said JAMES STUART PRITCHARD, said JOHN L. KELLOGG, JR., GLENN A. CROSS, now residing in the City of Battle Creek, Michigan, and said HARRIS TRUST AND SAVINGS BANK.

ARTICLE THREE

Distribution Provisions

The trust estate shall be distributed, both as to income and principal, in the following manner:

3.01 The entire net income of the trust estate shall be paid unto said W. K. KELLOGG FOUNDATION—hereinafter sometimes called the “Foundation”—in convenient installments, but not less frequently than quarter-yearly, perpetually or until the trust estate shall be exhausted, to be used by it exclusively for those purposes set forth in its Articles of Association as the same now exist or as the same from time to time may be amended, and which also shall be such purposes as the law deems charitable in the legal sense of that word. If in any calendar year after the year 1934 the net income payable to the Foundation by virtue of the provisions of this paragraph shall be less than the sum of five hundred thousand dollars (\$500,000), then, upon the request of the Foundation, the trustees shall withdraw from the corpus of the trust estate such sum or sums as when added to the net income of the trust estate so available for the benefit of the Foundation will permit the trustees to pay to the Foundation in such year the sum of five hundred thousand dollars (\$500,000), and the trustees shall make payment of such amount to the Foundation.

3.02 If the Foundation shall desire to purchase real estate for the corporate purposes of the Foundation, or to make expenditures for enlargements of and/or improvements to or on any of its property or properties, or construct, remodel, or enlarge buildings from time to time owned by the Foundation, and used in connection with or in aid of the corporate purposes of the Foundation, then the trustees, in their discretion, may pay to the Foundation, at any time and from time to time, such sum or sums out of the corpus of the trust estate as the Foundation may request for any such purpose and as in the opinion of the trustees may be reasonably necessary or desirable for any such purpose, upon such terms and conditions as may be agreed upon between the Foundation and the trustees; provided, however, that during the settlor's lifetime, if he shall be under no legal disability, no amounts shall be paid pursuant to the provisions of this paragraph without the prior approval of the settlor.

3.03 If at any time, in the opinion of a majority of the board of directors of the Foundation, resort should be made to the corpus of the trust estate for additional funds to enable the Foundation to carry out its corporate purposes, the trustees, in their discretion, may pay to the Foundation, out of the corpus of the trust estate, such sum or sums from time to time as the Foundation may request and as the trustees are of opinion shall be reasonably desirable, not to exceed, however, in any one calendar year, two and one-half per cent ($2\frac{1}{2}\%$) of the corpus of the trust estate as the same shall be valued by the trustees (which shall be interpreted to mean two and one-half per

cent ($2\frac{1}{2}\%$) of the corpus of the trust estate as originally constituted, plus all additions thereto, as the same shall be valued by the trustees at the time any payment is to be made out of corpus to the Foundation. For illustration: Assuming the original corpus of the trust estate to be one hundred X dollars and that additions shall have been made thereto amounting to one hundred X dollars, and that the trustees shall have made distributions of corpus, so that the corpus and the additions thereto shall have been reduced to fifty per cent (50%) thereof, the trustees nevertheless may pay to the Foundation two and one-half per cent ($2\frac{1}{2}\%$) of two hundred X dollars, assuming there has been no increase or diminution in value of corpus except as a result of distributions. If there has been increase or diminution in value of corpus resulting otherwise than from distributions, the amount which may be paid shall be proportionately increased or reduced.), or the sum of five hundred thousand dollars (\$500,000), whichever is the greater; provided, however, that during the settlor's lifetime, if he shall be under no legal disability, no amounts shall be paid pursuant to the provisions of this paragraph without the prior approval of the settlor. Any payment made under this paragraph shall be in addition to the payments authorized by the foregoing paragraphs hereof.

3.04 The liberal provisions herein contained, authorizing resort to be made to corpus of the trust estate to execute the corporate purposes of the Foundation, are not intended to encourage waste or inefficiency. But it is not intended that the corpus of the trust estate shall be held intact as a perpetual trust. It is the philosophy and purpose of the settlor to make available to the Foundation for the execution of its corporate purposes in an efficient and effective manner the entire trust estate over a period of fifty (50) years, although this statement of intent shall not be construed to be a limitation upon the duration of the trust hereby created. The settlor records his hope that the record of the Foundation during that period of time will be such that if and when the trust estate hereby created shall be exhausted, others will be impressed by the record and work of the Foundation to such an extent that they will be moved to contribute such financial assistance, if any, as may be necessary to enable the Foundation thereafter to continue its work.

3.05 The following requirements have been made by W. K. Kellogg, the founder of the Foundation, in respect of its management:

- (a) All sums, whether representing corpus or income, received by the Foundation pursuant to the provisions hereof, and notwithstanding any other provision hereof, shall be used by the Foundation to carry out only those purposes set forth in its

Articles of Association, as the same now exist, or as the same from time to time may be amended, which are also such purposes as the law deems charitable in the legal sense of that word, and no substantial part of the activities of the Foundation shall be carrying on propaganda, or otherwise attempting, to influence legislation. Said Articles of Association shall never be amended so that any part of the net earnings of the Foundation shall inure to the benefit of any private stockholder or individual.

(b) The Foundation at all times shall function efficiently, and it should maintain a paid secretary and such paid lecturer or lecturers as may be found useful, all at a fair and reasonable compensation; it shall make and at all times maintain and preserve complete records of all of its activities and transactions; and it shall cause an audit of its financial records to be made by a disinterested auditor or firm of auditors approved by the trustees at least once each year.

(c) The directors in attendance at meetings of the board of directors of the Foundation may receive from its corporate funds such compensation as may be fixed by the by-laws of the Foundation or resolutions adopted by its board of directors, and as in the opinion of the trustees shall be reasonable, plus necessary expenses incurred in attending such meetings.

(d) The treasurer of the Foundation at all times shall be bonded in such amount and with such security as shall be specified from time to time by the trustees.

(e) The board of directors shall convene in Battle Creek, Michigan, not less frequently than once each month. The board of directors of the Foundation shall not be permitted to become less than seven (7) in number.

3.06 Notwithstanding the foregoing provisions hereof, if within a period of three (3) months next prior to the making of any corpus or income payment by the trustees to the Foundation hereunder, the board of directors of the Foundation (1) shall have become and remained less than seven (7) in number during the entire period of three (3) months, or (2) shall have failed to meet in Battle Creek, Michigan, at least three (3) times with a quorum present, or (3) shall have failed, after request of the trustees, to have the treasurer of the Foundation bonded in the amount and with the security specified and approved by the trustees, or (4) shall have failed, after request of the trustees, to make and file with the trustees an audit at least annually, or (5) shall have authorized or permitted any funds of the Foundation to be used for any purpose other than one exclusively charitable in the legal sense of that word and one set forth in its Articles of Association as the same now exist or as the same may

from time to time be amended, or (6) shall have amended said Articles of Association so that the net earnings of the Foundation shall inure in whole or in part to the benefit of any private stockholder or individual, or (7) if a substantial part of its activities shall be carrying on propaganda, or otherwise attempting, to influence legislation, then the trustees shall withhold such income or corpus payment until they receive assurances that such condition or omission has been or speedily will be remedied. If at any time payments of income and principal hereunder shall have been suspended pursuant to the provisions of this paragraph for a period of six (6) months, then the trustees themselves shall expend, within the State of Michigan, the net income to which the foundation is entitled pursuant to the provisions hereof, in furtherance of the charitable objects set forth in the Articles of Association of the Foundation as now existing or as the same from time to time may be amended within the limitations aforesaid (but not for the benefit of any private stockholder or individual of the Foundation, nor for carrying on propaganda, or otherwise attempting, to influence legislation) until such time as the board of directors of the Foundation shall have remedied the condition or omission, causing the suspension of payments as aforesaid; provided further that if such condition or omission shall not be remedied within a period of two (2) years from and after the suspension of such payments as aforesaid, or if the Foundation at any time shall be dissolved or otherwise lose its corporate existence, or shall abandon and entirely cease functioning in any manner whatsoever, then the trustees immediately upon the expiration of two (2) years from and after the suspension of such payments as aforesaid, or upon such dissolution, abandonment by the Foundation of its work, or cessation of its activities shall thereafter make all payments to which the Foundation otherwise would be entitled or which could be paid to it by virtue of the provisions hereof for scientific research, and the promotion thereof, within the State of Michigan, for the suppression, prevention, treatment, and cure of diseases of the human body, in such manner as in the opinion of the trustees will most effectively carry out such purposes. The trustees in the making of such payments may avail themselves of and make payments through corporations or organizations, now or hereafter existing, maintaining institutions for any one or more of the charitable purposes aforesaid, or to reputable charitable corporations or organizations undertaking to distribute and apply such funds to any one or more of such purposes; provided that any such organization or corporation to which any payment may be made by the trustees hereunder shall be one, no part of the net earnings of which inure to the benefit of any private stockholder or individual, and no sub-

stantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation. If the limits of the State of Michigan shall be extended beyond their present boundaries, said funds shall be applied within the territory of the State of Michigan as so extended.

3.07 If for the purpose of reducing taxes to which the Foundation, the trustees, or the income or the corpus of the trust estate may be subjected, or for the purpose of more fully effectuating the devotion of the trust estate and the net income thereof to the purposes for which this trust has been created or for the purpose of obtaining relief from other burdens or expenses (except reasonable fees for the services and the expenses of the trustees hereunder) which the Foundation, the trustees, or the trust estate would not be required to pay or be liable for if the Foundation were the owner of the trust estate in its own right, or if for other reasons, at any time in the future it shall become desirable that this trust be terminated and the corpus and undistributed net income thereof be transferred to the Foundation absolutely, it shall be the duty of the trustees so to convey the same, provided:

(a) Five-sevenths (5/7) of the total number of the directors of the Foundation then in office and all of the trustees shall join in the execution of an instrument or concurrent instruments stating the fact of such desirability and their determination so to cause the transfer of the trust estate to the Foundation absolutely, or

(b) A court of competent jurisdiction finds it desirable that this trust be terminated and the corpus be so transferred because of any of the reasons hereinbefore stated. Any trustee shall have the right, at the expense of the trust estate, to take any proceeding authorized by law to review any decree or judgment aforesaid.

3.08 If at any time this trust or any part thereof shall be held by a court of competent jurisdiction to be void in such essential particulars that the same shall fail, in whole or in part, then the trust estate or such part thereof as to which this trust shall have been held to be void shall be distributed to and vest in the Foundation absolutely free from all trusts herein expressed.

ARTICLE FOUR

Powers and Duties of Trustees

In the administration and/or distribution of the trust estate, the trustees and the respective beneficiaries hereunder shall be governed and controlled by the following:

4.01 *Registration of Investments.* The trustees may cause the investments which may be delivered to or acquired by them to be regis-

tered in their names or, on their own responsibility, in the name or names of their nominee or nominees.

4.02 General Investment Powers. The trustees, in so far as possible, shall invest and reinvest all funds from time to time available for investment or reinvestment in such income-bearing or earning investments, including capital stock, preferred or common, of any corporation or corporations, or certificates of interest in any trust or association transacting business, as the trustees, in their discretion, shall deem proper and for the best interests of the trust estate, without being restricted by any present or future law governing or restricting the investment of trust funds. The trustees may sell, manage, control, exchange, alter, mortgage, hypothecate and pledge the investments of the trust estate, or any of them; may join in, by deposit, pledge or otherwise, any plan of reorganization or readjustment of any corporation or other means of protecting or dealing with any investments of the trust estate; may vest in protective committees or other legal entities such powers as in the opinion of the trustees may be desirable with respect to any investment of the trust estate; may employ such agents and attorneys as in their opinion may be reasonably necessary in managing and protecting the trust estate and to advise the trustees hereunder, and pay them a reasonable compensation; may settle, compromise or abandon all claims or demands in favor of or against the trust estate; may extend and renew any indebtedness incurred by the trustees or secured by any property at any time constituting a part of the trust estate; and, where any payment is directed to be made out of the corpus of the trust estate, may borrow money upon the security of the trust estate or any part thereof in lieu of converting the trust estate or a part thereof into cash for the purpose of making such payment, and, in general, may exercise each and every other power or right with respect to the ownership of each investment of the trust estate as persons generally have, exercise and enjoy with respect to their own investments, except where to the contrary expressly provided herein.

4.03 Sale of Kellogg Company Stock. No sale of any shares of stock of Kellogg Company shall be made by the trustees unless the corporate trustee and a majority of the cotrustees at the time acting shall consent thereto.

4.04 Voting Stock. Subject to the provisions of paragraph 4.05 hereof, the trustees, in their discretion, may vote all shares of stock at any time constituting a part of the trust estate in person or by proxy at any and all stockholders' meetings, general or special, and may vote such shares in favor of the creation of any mortgage, lien or other encumbrance upon any of the property, real or personal, of

any corporation any of the shares of stock of which at the time may constitute a part of the trust estate, as the trustees, in their discretion, shall determine.

4.05 Kellogg Stock. The trustees are authorized to hold and retain all shares of stock of said Kellogg Company at any time constituting a part of the trust estate, it being the intention that said shares of stock at all times shall constitute a proper investment by the trustees. All shares of stock of the Kellogg Company constituting a part of the trust estate shall be voted by the trustees, or their nominee, in person or by proxy as provided in paragraph 4.04 hereof, but in case there shall be a disagreement among the trustees as to the manner in which said shares of stock shall be voted, or the issuance of proxies for that purpose, then said shares of stock of the Kellogg Company shall be voted in such manner as the majority of the trustees at the time acting shall determine, provided that the corporate trustee shall constitute one of such majority. In case a majority of the trustees, including the corporate trustee as one of such majority, cannot agree upon the manner of voting said stock, or the issuance of proxies for that purpose, then the question of the action to be taken by the trustees shall be submitted to the board of trustees of the W. K. Kellogg Foundation, and the decision of a majority of such board upon the question shall be binding and controlling upon the trustees hereunder, and upon receipt of such decision the trustees hereunder shall take action in accord therewith. No liability shall be asserted against the trustees hereunder, or any of them, by reason of any action taken by them pursuant to direction of the board of trustees of the Foundation.

4.06 Expenses, Taxes and Compensation. The trustees shall pay all costs, charges and expenses of the management of the trust estate and all taxes assessed on or against the trust estate or the trustees on account of the trust estate, together with a reasonable compensation to the corporate trustee for its services hereunder. A reasonable compensation in the form of a salary, not to exceed twenty-five hundred dollars (\$2500) per year, may be paid to each of the cotrustees hereunder for his services as such, provided the amount of such salary shall be approved by a majority of the board of directors of the Foundation and by a majority of all the trustees acting hereunder from time to time. The amount of such salary to cotrustees hereunder may be changed from time to time, and the amount to be paid to one cotrustee may vary from that paid to the other or others, and one or more cotrustees may receive salary while no salary shall be payable to one or more of the other cotrustees. If the net income of

the trust estate at any time heretofore paid to the Foundation under this trust, pursuant to the amendments thereof or the order of the settlor, or hereafter paid or applied under the terms of this trust, shall be included in the settlor's income for the purpose of determining and computing the income taxes payable by the settlor under any past, present or future federal or state law, then the trustees shall pay out of the net income of the trust estate, if available, otherwise out of the corpus of the trust estate, such portion of the income taxes heretofore or hereafter assessed against and payable by the settlor as shall be equal to the difference between (1) the income tax which would be payable by the settlor if the net income of the trust estate so paid were not so included, and (2) the income tax which shall actually be assessed against and payable by the settlor. If other income heretofore or hereafter paid to or for the benefit of the Foundation under any other trust or trusts, or a part thereof, heretofore or hereafter created by the settlor shall likewise be included in determining and computing such income taxes payable by the settlor, then the trustees shall pay such proportion of the additional taxes (and by additional taxes is meant the difference between (1) such income taxes as would be payable by the settlor if the income paid to or for the benefit of the Foundation under all such trusts, including this one, were not included in computing and determining the amount of income tax payable by the settlor, and (2) the amount of income tax which actually shall be assessed against and payable by the settlor) as the income from this trust bears to the total income paid to or for the benefit of the Foundation from all such trusts, including the income from this trust. If a gift or excise tax shall be payable on account of any gift hereby made or in connection with assets held by the trustees hereunder, or the income from this trust, or any portion thereof, whether received prior to the effective date of the amendment of this trust agreement or subsequently, and whether under any present or future state or federal law, the trustees shall pay such taxes forthwith. Any gift tax shall be paid from the corpus of the trust estate and any excise tax shall be paid from the income of the trust estate. If the trust estate or any part thereof shall be included in the settlor's estate for the purpose of determining any inheritance, estate, transfer or succession taxes under any present or future state or federal law, and, as a result thereof, the settlor's estate or the several beneficiaries thereof shall be subjected to a higher tax than otherwise would be payable, then the trustees shall pay out of the trust estate or the income thereof an amount which shall be equal to the difference between (1) the amount of such taxes which would be payable if the trust estate were not so included,

and (2) the actual tax which shall be assessed. If any other trust or trusts, or a part thereof, created by the settlor principally for the benefit of the Foundation (although there may be limitations over to other charitable purposes in the event of nonfulfillment of certain conditions or provisions therein expressed) also shall be included in the settlor's estate for the purpose of determining any such inheritance, estate, transfer or succession taxes, and as a result thereof the settlor's estate or the several beneficiaries thereof shall be subjected to a higher tax than otherwise would be payable, then the trustees shall pay such proportion of such additional taxes (and by additional taxes is meant the difference between (1) such taxes as would be payable by the settlor's estate or the several beneficiaries thereof were all such trust or trusts or parts thereof, created by the settlor principally for the benefit of the Foundation, including this trust, not included in computing such taxes, and (2) the actual taxes assessed against and payable by the settlor's estate or the several beneficiaries thereof) as the market value of this trust included in computing such taxes bears to the total market value of all such trust or trusts, or parts thereof, created by the settlor principally for the benefit of the Foundation, including the market value of this trust. The trustees shall have full power, but only at the expense of the trust estate, to litigate, compromise, compound or settle any such taxes as against the governmental authority or authorities assessing the same, and may make payment of such taxes at such time or times as the trustees may deem proper and for the best interests of the trust estate. Any action taken by the trustees in respect of the contest or payment of such taxes shall be binding and conclusive upon that subject. The trustees are authorized to make agreements with the settlor or with the trustees of any other trust or trusts heretofore or hereafter created by the settlor, or the beneficiaries thereof, or with the executors of the settlor's will, regarding liability for the payment of any such income, gift, inheritance, estate, transfer, or succession taxes, claimed or established, or the apportionment thereof, or the payment thereof, or compromising and settling all or any questions regarding the same, and such agreement shall be final and binding upon all beneficiaries hereunder, and such agreements may be made even though the trustees hereunder, or one or more of them, may be a trustee or cotrustees under any other trust or trusts, or an executor or executors under the settlor's will.

4.07 Power to Determine Income and Corpus. The trustees are hereby vested with full right, power and authority to determine the manner in which expenses are to be borne and the manner in which receipts are to be credited as between corpus and income, and also to determine what shall be "income" and "net income."

4.08 Liability of Disinterested Parties. No person dealing with the trustees shall be obliged to see to the application of any money or property paid or delivered to the trustees.

4.09 Decision of Trustees Final. In each case where discretionary power is vested in the trustees in this agreement, their express or implied decision or action in the exercise thereof shall be final and conclusive and be binding upon all beneficiaries hereunder and upon all persons whomsoever.

4.10 Liability of Trustees. No trustee shall be liable or responsible for the acts or omissions of any other trustee not concurred in by him or it, nor shall any trustee be liable for any action or omission except willful misconduct and/or gross neglect, nor shall any trustee in any event be held liable to any person or persons for any sum or sums disbursed pursuant to the provisions of this agreement subsequently held to be void, if any such provisions there are.

4.11 Disagreements. Except as provided in paragraphs 4.03 and 4.05 hereof, if at any time there shall be a disagreement between the trustees over any question or matter arising in connection with the administration of the trust hereby created, then the decision of a majority of the trustees shall be decisive of such question or matter or, if the trustees shall be equally divided upon such question or matter, the trustees shall submit the question or matter over which such disagreement has arisen, to the board of directors of the Foundation and the decision of a majority of such directors in respect of such question or matter shall be binding and controlling upon the trustees and upon receipt of such decision, the trustees shall take such action as shall be in accord therewith. No liability shall or can be asserted against the trustees, or any of them, by reason of any action by them, him or it, pursuant to the provisions of this paragraph.

4.12 Execution of Concurrent Instruments. The trustees may execute any written instrument by signing one instrument or concurrent instruments.

4.13 Custody of Trust Estate and Delegation of Powers. Anything hereinabove contained to the contrary notwithstanding, the corporate trustee shall have the custody of all investments and cash from time to time constituting the trust estate, and the cotrustees, or any of them, may be relieved of any powers, authority and/or duties herein and hereby vested in or imposed upon them or him by delivering to the other trustees an instrument in writing delegating such powers, authority and/or duties to such other trustees, and any act done or decision made by such other trustees pursuant to such written instrument shall be binding upon and not subject to question or challenge by any person whomsoever.

4.14 Number of Trustees. There shall be four (4) trustees of this trust, one of which shall be a corporate trustee and the other three of which shall be cotrustees. A corporation shall always be appointed to fill a vacancy in the office of the corporate trustee and an individual shall always be appointed to fill a vacancy in the office of a cotrustee.

4.15 Resignation of Trustees. Any trustee at any time acting hereunder, may resign as such upon mailing a thirty (30) days' written notice to the other trustees and to the Foundation, addressed to his or its last post office address shown on the books of the corporate trustee.

4.16 Removal of Corporate Trustee and Appointment of Successor. The corporate trustee for the time being hereunder may be removed by a vote of not less than two-thirds ($\frac{2}{3}$) of the total number of trustees of the Foundation then in office at a meeting of the board of trustees of the Foundation duly held. The board of trustees of the Foundation, at any time and from time to time, by a majority vote of the total number of trustees then in office at a meeting of the board of trustees of the Foundation duly held may appoint a successor corporate trustee to fill a vacancy in that office; provided, however, that each successor corporate trustee so appointed must be a corporation having its principal place of business situated within or without the continental United States of America and having an aggregate unimpaired capital, surplus and undivided profits of at least two million dollars (\$2,000,000), and must have been engaged actively in the administration of trusts for a period of at least ten (10) years.

4.17 Removal of Cotrustees and Filling Vacancies in the Cotrusteeships. A vacancy in the cotrusteeships shall be filled by nomination of all the other cotrustees then acting, provided their nominee shall be approved by a majority of the board of trustees of the Foundation at a meeting thereof duly held, but if the vacancy shall not be so filled within sixty (60) days after it occurs, it may be filled by a majority of the board of trustees of the Foundation at a meeting thereof duly held. Any cotrustee for the time being hereunder except Glenn A. Cross, Emory W. Morris and Watson H. Vanderploeg may be removed by the board of trustees of the Foundation by a vote of not less than two-thirds ($\frac{2}{3}$) of the total number of trustees then in office at a meeting duly held, provided such removal is approved in writing by all of the other trustees at the time acting hereunder. In case of the removal of a cotrustee, a successor shall be appointed in the manner hereinbefore provided. If at the time of filling any vacancy in the office of cotrustee, none of the remaining cotrustees then shall be a member of the board of trustees of the Foundation, such vacancy (or

one such vacancy if more than one is being filled) shall be filled by appointment of one of such members in the manner hereinbefore provided, and if at such time at least one of such remaining cotrustees is a member of said board but none of such remaining cotrustees is a director of Kellogg Company, then such vacancy (or one such vacancy if more than one is being filled) shall be filled by appointment of one of such directors. Where one acting cotrustee shall be a member of both the board of trustees of the Foundation and the board of directors of Kellogg Company and no other acting cotrustee shall be a member of either of these boards, one successor cotrustee to be appointed shall be a member of either or both of said boards. In all other cases the vacancy may be filled by appointment of any individual.

4.18 Successor's Powers, etc. Each successor trustee, whether a successor corporate trustee or a successor cotrustee, shall have, exercise and enjoy all of the rights, powers, privileges, obligations and duties, both discretionary and ministerial, as herein and hereby are given and granted unto his or its predecessor. A resigning or removed trustee, upon the appointment of his or its successor, immediately shall vest in such successor, by appropriate instruments, title to the trust estate, and thereupon the resigning or removed trustee shall be discharged as such. Each successor trustee shall not be required to examine the accounts, records and acts of the trustees prior to the date of his or its appointment, but may accept the accounting of the trustees to the date of his or its appointment as conclusive of the amount, nature and allocation of the respective assets of the trust estate, unless there be called to the attention of such successor trustee any discrepancy in the accounts or improper acts of the trustees, and particularly of the resigning or removed trustee, in which case the trustees or the successor trustee shall take such action in respect thereof as in their, his or its judgment shall be proper.

4.19 Definitions. The term "corporate trustee" shall mean and refer to said Harris Trust and Savings Bank and to any corporation which may be appointed as successor to it, and the term "cotrustees" shall mean and refer to said John L. Kellogg, Jr., James Stuart Pritchard and said Glenn A. Cross, if acting and to any successor or additional cotrustees hereunder for the time being. The term "trustees" shall mean and refer to the corporate trustee and the cotrustees for the time being, jointly. The term "settlor" shall mean and refer to W. K. Kellogg.

4.20 Laws of Michigan to Control. In order to avoid any possible conflict as to whether the laws of Michigan or of Illinois shall govern the interpretation and/or validity of this agreement and/or the man-

agement of the trust hereby created, it is expressly agreed that the laws of Michigan shall govern, control and determine all questions arising under this agreement, the interpretation of its provisions and the validity hereof.

4.21 Trustees may be Officers or Directors. Each cotrustee and any officer or employee of the corporate trustee may be an officer or director of said Kellogg Company, of the Foundation, and/or of any other corporation the shares of stock of which constitute a part of the trust estate, and as such may vote and act upon any matter or thing whatsoever, including matters and things affecting this trust, to the same extent and with like effect as if he were not such a cotrustee, officer or employee. Such cotrustee, officer or employee may receive reasonable compensation for services rendered by him as an officer or director of said Kellogg Company, of the Foundation, or of any other corporation the shares of stock of which constitute a part of the trust estate, notwithstanding the fact that he is such cotrustee, officer, or employee.

4.22 Consolidation with Other Trusts. The trustees are hereby expressly authorized, if they shall deem it advisable for convenience in the administration or distribution of the trust estate and any other trusts created by the settlor in his lifetime, or by his last will and testament, to consolidate this trust and such other trusts in so far as may be practicable, and for that purpose the trustees are hereby expressly authorized to hold, administer and invest such several trust estates as one or more common funds, and may assign undivided interests in such common fund or funds to said several trust estates and make joint or several distributions of the income and principal thereof, or either, whichever the trustees shall deem advisable.

4.23 Division of Funds into Separate Trusts. If at any time it shall be deemed desirable by the Foundation, evidenced by a vote of not less than two-thirds ($\frac{2}{3}$) of the total number of its board of trustees then in office, at a meeting of said board duly held, to provide for separate administration by trustees different, in whole or in part, from the trustees at the time acting hereunder, of all or any part of the trust estate representing additions which shall hereafter be made thereto, whether by assignment from the settlor or under the provisions of other trusts heretofore or hereafter created by him, or under the provisions of the settlor's will, or otherwise, the Foundation may provide for the same, by a written instrument, an executed duplicate of which shall be delivered to each of the then acting trustees hereunder. Such instrument shall appoint as trustees the same number of trustees as are at the time acting as trustees hereunder. One of such

trustees so appointed shall be a corporate trustee, which may have its principal place of business either within or without the continental United States of America, and which shall have an aggregate unimpaired capital, surplus and undivided profits of at least Two Million Dollars (\$2,000,000.00) and shall have been actively engaged in the administration of trusts for a period of at least ten (10) years. In case of the exercise of the power hereby granted, the trustees acting at the time hereunder shall assign, transfer and convey to the trustees so appointed that part of the trust estate representing additions hereafter made to corpus as shall be designated in the instrument appointing such new trustees, to hold the same upon the uses and trusts and for the purposes and with the estates, powers, authorities and duties upon which the same were theretofore held by the trustees at the time acting hereunder. More than one such separate trust may be so provided for and this power may be exercised from time to time as may be deemed advisable. In the case of any exercise of such power, this trust, as to the respective portions of the trust estate being administered by different trustees, shall be construed to be separate trusts upon identical terms. Thereafter, by like action of the Foundation, the separate trusts may again be consolidated, either in whole or in part.

4.24 *Disposition of Kellogg Company Preferred Stock.* The trustees shall transfer and deliver to the W. K. Kellogg Foundation forthwith or as soon as conveniently may be done, and in any event on or prior to May 1, 1951, the 77,350 shares of the 3½ per cent preferred stock of Kellogg Company now constituting a part of this trust estate.¹

The powers enumerated in this Article are not intended and shall not be construed in any respect as in limitation of any authority given or conferred upon the trustees by law, but are intended and shall be construed as in addition thereto.²

ARTICLE FIVE

Revocation and Amendment

This agreement and the trust hereby evidenced may be changed, amended or modified, in whole or in part, from time to time, by the Foundation, pursuant to action of a majority of the board of trustees of the Foundation at a meeting thereof duly held, provided all of the trustees then acting hereunder consent to such change, amendment or

¹ Paragraph 4.24 was added by amendment dated February 20, 1951.

² The amendment dated July 13, 1935, contained the following provision: "Wherever reference is made in said agreement dated July 27, 1934, to the Board of Directors or to the Directors of the Foundation, it shall be deemed now to refer to the Board of Trustees or to the Trustees of the Foundation, as the case may be."

modification, but the provisions of Article Three of this agreement regarding the beneficiaries of the trust, and the persons, corporations or institutions to which the trustees are authorized or directed to make payments of the net income or corpus of the trust estate shall not be changed by any such change, amendment or modification, although the time of payment or delivery to them, or any of them, may be accelerated, or it may be provided that the whole or any portion of the corpus or income of the trust estate forthwith shall or may be paid to the Foundation.

The settlor hereby releases and relinquishes all right to revoke, change, amend, or modify this agreement and the trust hereby evidenced, in whole or in part, it being the intention that this agreement and the trust hereby evidenced shall be irrevocable.¹

Said John L. Kellogg, Jr. hereby assigns and transfers to the Foundation any and all interest which he may have in or to the trust estate, or any part thereof, by virtue of said trust as originally created, or any amendment thereof heretofore made, saving unto himself, however, the right to act as one of the cotrustees in accordance with the provisions hereof.

IN WITNESS WHEREOF, the settlor and said John L. Kellogg, Jr., individually and as future cotrustee as aforesaid, have hereunto set their hands and seals, the said W. K. Kellogg Foundation has caused this agreement to be signed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized, said Harris Trust and Savings Bank, as corporate trustee of the W. K. Kellogg Trust, Dated November 12, 1931, also known as Trust Number 5315, has caused this agreement to be signed and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and said James Stuart Pritchard, as trustee of said trust, has hereunto set his hand and seal, the day and year first above written.

W. K. KELLOGG (Seal)

JOHN L. KELLOGG, JR. (Seal)

W. K. KELLOGG FOUNDATION (Corporate Seal)
By JAMES STUART PRITCHARD
Its President

Attest:

BESSIE ROGERS
Its Secretary

¹ The foregoing two paragraphs are in form as amended on June 21, 1946.

As Trustees of the	JAMES STUART PRITCHARD (Seal)
W. K. Kellogg Trust,	HARRIS TRUST AND SAVINGS BANK,
Dated November 12,	By HAROLD ECKHART
1931, also known as	Its Vice President (Corporate
Trust Number 5315.	Seal)

Attest:

W. C. GRIFFITH
Its Asst. Secretary

The undersigned, Glenn A. Cross, hereby accepts the appointment as cotrustee under the above and foregoing trust as provided for in the above and foregoing instrument.

GLENN A. CROSS (Seal)

(Executed in 3 counterparts)

SOURCE: Mimeographed copy supplied by the Kellogg Foundation,
Battle Creek, Mich., 1957. 19 pp.

The Helen Hay Whitney Foundation

[The Helen Hay Whitney Foundation was established in 1943 as a trust, but in 1951 became a membership corporation. The original trust indenture is presented here. It closely details the powers of the trustee and of a committee charged with distribution of the net income and, discretionally, the principal.]

TRUST FOR CHARITABLE AND OTHER PURPOSES

THIS INDENTURE made this 10th day of May, 1943, between HELEN HAY WHITNEY of the City, County and State of New York (hereinafter sometimes called "the grantor") and UNITED STATES TRUST COMPANY OF NEW YORK, a corporation organized under the laws of the State of New York, having its principal place of business at No. 45 Wall Street, City, County and State of New York (hereinafter sometimes called "the trustee");

WITNESSETH:

FIRST: In consideration of the covenants hereinafter contained, the grantor hereby transfers and assigns to the trustee the property described in SCHEDULE A hereto annexed, to hold the same and any property into which the same or any part thereof may from time to time be converted and any additions which may be made thereto and all property which may at any time be in the possession of the trustee hereunder (all such property being hereinafter sometimes called the "trust fund") IN TRUST to invest and reinvest the same and to collect and receive the income thereof and after paying the reasonable and proper expenses of the trust to pay and apply the net income and the principal of the trust fund in accordance with the provisions of Article SECOND hereof.

SECOND: A committee consisting of not less than three nor more than seven members shall direct the payment and application of the principal and income of the trust fund. The committee shall consist originally of [names omitted] who are hereby appointed to be members.

(I) DISTRIBUTION OF INCOME AND PRINCIPAL

(a) The committee as from time to time constituted (hereinafter called "the committee") shall in its absolute discretion from time to time, and not less than once in each calendar year, direct the trustee

to pay and apply such part of the net income and the principal of the trust fund as may be distributable hereunder to such religious, educational, charitable or benevolent uses as the committee may select, provided that no such payment or application shall be made to or for any such purpose which is not exempt from taxation under Section 23 (o) of the Internal Revenue Code of the United States as said section may from time to time be amended.

(b) Any such direction shall be evidenced by a certificate filed with the trustee. Any such certificate shall constitute complete authority to the trustee for any payment or application therein directed.

(c) The committee may make appropriations subject to conditions, or payable in installments over a period not exceeding five years. Any such appropriation when evidenced by a certificate filed with the trustee shall be deemed a direction to the trustee to pay or apply the amounts therein mentioned on the conditions and in the installments therein prescribed, subject to the right of the committee at any time, by a similar certificate filed with the trustee, to modify or rescind any such appropriation as to the unpaid balance thereof.

(d) In each calendar year the committee may appropriate or direct the payment or application of the income of the trust fund for such year and not more than ten per cent. in current value as determined by the trustee of the principal of the trust fund. Any such appropriation or direction shall be evidenced by a certificate filed with the trustee.

(e) Notwithstanding this limitation, the committee may, by unanimous action evidenced by an instrument executed by all its members in like manner as a deed to be recorded in the State of New York, and filed with the trustee, appropriate or direct the payment or application of all or any part of the principal of the trust fund. It would be agreeable to the grantor if the committee should distribute the entire principal of the trust fund within fifty years from the date of this indenture.

(f) On or before the 31st day of January in each calendar year or as soon thereafter as possible the trustee shall (unless otherwise directed by the committee) certify to the committee:

(i) the estimated amount of the income of the trust fund for the preceding calendar year; the reasonable and proper expenses of the trust; and the net income for that year;

(ii) the aggregate amount of certificates filed with the trustee with respect to that year for the payment and application of income or of principal of the trust fund, for the payment of compensation of employees of the committee, or for the payment of disbursements of the committee;

(iii) the amount remaining unpaid at the close of business on the preceding 31st day of December in respect of appropriations evidenced by certificates so filed with the trustee; and

(iv) a detailed list of the property belonging to the trust fund on said 31st day of December showing the value at which it was then carried by the trustee as well as the market value thereof on that day as determined by the trustee.

In case the estimated income for the preceding calendar year shall exceed the amount of appropriations so remaining unpaid, and the committee shall not within ninety days after the date of the certification first mentioned in this subdivision (f) direct the trustee as to the disposition of the excess, the trustee shall promptly pay such excess to The Society of the New York Hospital.

(II) ORGANIZATION AND OPERATION OF THE COMMITTEE

(a) The persons appointed above to be members of the committee shall hold an organization meeting within ninety days after the date of this indenture at a time and place to be designated by the trustee and shall then appoint one of its members as chairman. It may then or later appoint another of its members as vice chairman to act during the absence or incapacity of the chairman, and such other officers if any (who need not be members of the committee) as it shall deem proper.

(b) The committee shall have power to appoint additional members, provided that the number of members shall not at any one time exceed seven. Any member of the committee may resign at any time by filing a written resignation with the trustee and with the other members or member of the committee. The other members of the committee, by unanimous action, may remove any member who, after reasonable notice and without being excused, shall have failed to attend three consecutive meetings of the committee, or who by like action shall have been found incapable of performing his duties as a member of the committee. Whenever the membership of the committee shall be reduced to less than three, the remaining members or member of the committee shall forthwith appoint such persons or person as they or he shall deem proper and as shall be necessary to bring the membership to not less than three, and shall promptly file a certificate of the appointment with the trustee. Each appointment so made shall be evidenced by a certificate signed by the members or member of the committee who made the appointment or by the chairman of the committee and filed with the trustee.

(c) In case no such certificate is filed with the trustee within ninety days after the trustee learns that the membership of the committee has

been reduced to less than three, or in case for any reason there shall at any time be no member of the committee qualified to act, the trustee shall forthwith appoint in writing such number of persons to be members of the committee as may be necessary to bring the membership of the committee to not less than three, and shall promptly notify the other member or members of the committee in writing of any such appointments. No person shall be eligible for appointment by the trustee to the committee who shall at the time of appointment be a member of the board of trustees, an officer or an employee of United States Trust Company of New York or of any corporate successor to said company.

(d) No person shall be disqualified from acting as a member of the committee or be subject to any criticism for his acts as such member by reason of being an officer, director or trustee or in any other way associated with any corporation, association or organization to which the principal or income of the trust fund may be applied.

(e) The committee shall at all times have power to fix the time of its annual and other meetings and to adopt such rules for the conduct of its proceedings as it deems proper. However, any direction to the trustee for the payment or application of principal or income of the trust fund shall, unless otherwise specifically provided herein, be authorized in writing or by a vote at a meeting of a majority of all the members of the committee, and shall be evidenced by a certificate signed by such majority or by the chairman of the committee setting forth that such action was authorized by the requisite number of votes at a duly convened meeting of the committee. Any other action of the committee may, unless otherwise specifically provided herein, be authorized by a majority of the members present at a meeting attended by a majority of all the members of the committee.

(f) At each annual meeting the committee shall appoint one of its members as chairman, and may appoint a vice chairman and such other officers if any (who need not be members of the committee) as it shall deem proper. Any chairman, vice chairman or other officer so appointed shall hold office until the next annual meeting of the committee or until a successor is appointed. The committee or its chairman shall promptly file with the trustee written notice of each such appointment.

(g) The committee shall keep records of its proceedings, a copy of which for the preceding calendar year shall be filed with the trustee on or before the 31st day of January in each year, or as soon thereafter as possible.

(h) The committee shall have power to employ a secretary and such counsel, accountants and clerks as shall in their judgment be necessary, and to agree upon the reasonable compensation thereof. Any such compensation and the disbursements of the committee in the discharge of its duties shall be paid by the trustee out of the principal or income of the trust fund upon the direction of the committee evidenced by a certificate filed with the trustee. Any such certificate shall constitute complete authority to the trustee for any payment therein directed.

(i) The members of the committee shall serve without compensation and shall be under no duty or liability whatever with respect to the custody or investment of property constituting the trust fund or with respect to its financial administration.

(III) DUTIES OF THE TRUSTEE

(a) The trustee shall have sole custody of the trust fund and sole responsibility for investment and financial administration and may exercise in respect thereof all the powers hereinafter granted to the trustee.

(b) The trustee shall from time to time upon the request of the committee certify to it the amount of income currently available for distribution, and furnish to it such other data relating to the trust fund as the committee considers to be reasonably required in the discharge of its duties.

(c) The trustee may from time to time (but shall be under no duty to) render to the committee accounts of its proceedings as trustee. The committee shall have power (but shall be under no duty) to approve any such account with or without examination thereof by independent accountants retained by the committee. Any such approval shall be a complete discharge of the trustee for all purposes in respect of the transactions set forth in such account.

THIRD: At any time and from time to time during the continuance of the trust hereby created any person may add to the trust fund by bequeathing or devising or by transferring and assigning to the trustee any property (including any future estates legal or equitable) which the trustee shall be willing to accept. All property so added shall be deemed part of the trust fund.

FOURTH: All interest accrued on any securities hereby transferred or hereafter added to the trust fund pursuant hereto, at the time of receipt thereof by the trustee, and all dividends declared on any such securities prior to such time but payable to holders of record subsequent to such time, shall be income of the trust fund.

FIFTH: The trustee is authorized in its absolute discretion to exercise from time to time the following powers in respect of any property forming part of the trust fund or otherwise in its possession hereunder and it is intended that such powers be construed in the broadest possible manner:

(1) Power to retain for such period as it shall deem proper any property transferred or assigned to it by the grantor or added to the trust fund pursuant to Article THIRD hereof.

(2) Power to make distributions in cash or in specific property, real or personal, or an undivided interest therein, or partly in cash and partly in such property as directed by the committee.

(3) Power to sell at public or private sale for cash or upon credit or partly for cash and partly upon credit and upon such terms and conditions as it shall deem proper. No purchaser shall be bound to see to or be liable for the application of the proceeds of any such sale.

(4) Power to borrow in the name of the trust hereby created such sums for such periods and upon such terms as it shall deem necessary or convenient in the administration of such trust and to secure any loan by mortgage or pledge. As to any such loan, no lender shall be bound to see to or be liable for the application of the proceeds, and the trustee shall not be personally liable, but each such loan shall be payable only out of the assets of the trust. Any such loan may be made by United States Trust Company of New York at the rate of interest currently charged by it on similar loans.

(5) Power to invest or reinvest in such securities or other property real or personal within or without the United States as it shall deem proper whether or not the same may be producing income or be of the kind commonly regarded by law as proper investments for trust funds.

(6) Power to vote in person or by proxy at corporate or other meetings and to participate in or consent to any reorganization, dissolution, merger, voting trust or other action affecting any securities in its possession or the issuers thereof, and to make payments in connection therewith, and to allocate to the principal or income or both of the trust fund in such manner as the trustee shall deem proper any property received as a result thereof.

(7) Power to amortize in whole or in part by sinking fund or otherwise the premium on securities received or purchased at a premium, or to treat as income the gross return thereon. Without limiting the absolute discretion of the trustee, it is intended that such premiums be amortized only when the trustee shall determine that

the failure to amortize would result in a substantial impairment of the principal of the trust fund.

(8) Power to apportion between principal and income stock dividends and extraordinary dividends or distributions. Without limiting the absolute discretion of the trustee, it is intended that such dividends and distributions be allotted to principal except to the extent that the trustee shall determine they were declared or made in lieu of regular cash dividends or distributions.

(9) Power to lease any real property for such periods not exceeding twenty-one years and upon such terms as it shall deem proper, and to execute and deliver such leases containing such covenants, including covenants of renewal, as may be desirable to effect any such leasing, and to partition or divide in such manner as it shall deem proper any real property owned jointly or in common with others.

(10) Power to improve any real property and to pay the cost out of the principal of the trust fund.

(11) Power to hold property in unregistered form or in its name without designation of fiduciary capacity or in the name of its nominee.

(12) Power to consult with and retain counsel whether in respect of the administration of the trust fund or in respect of any accounting affecting the trust fund or otherwise and to pay the reasonable fees and disbursements of such counsel and to charge the same against the principal or income or both of the trust fund in such manner as it shall deem proper.

(13) Power to employ all such clerks or other persons as shall in its judgment be necessary for the convenient and orderly administration of the trust hereby created, and to pay the reasonable compensation thereof, and to charge the same against the principal or income or both of the trust fund in such manner as it shall deem proper.

SIXTH: No bond or other security shall ever be required of the trustee. The trustee shall not be liable for any depreciation in the value of the trust fund or for any error in judgment. In no event shall the trustee be under any liability except for its wilful default and gross negligence.

SEVENTH: For acting as trustee hereunder United States Trust Company of New York shall be entitled to [terms omitted].

EIGHTH: Any corporate successor to United States Trust Company of New York shall succeed it as trustee of the trust hereby created with all the rights, powers and duties herein set forth.

NINTH: This indenture shall be construed and the trust hereby created shall be governed by and in accordance with the laws of the State of New York.

TENTH: United States Trust Company of New York by joining in the execution of this indenture acknowledges receipt of the property described in SCHEDULE A hereto annexed and accepts the trust by this indenture created.

IN WITNESS WHEREOF this indenture has been executed by the parties hereto as of the day and year first above written.

HELEN HAY WHITNEY (L.S.)

as grantor

UNITED STATES TRUST COMPANY OF
NEW YORK

by JAMES M. TRENARY

Vice President

} as trustee
aforesaid

Attest:

F. M. E. PUELLE

Ass't Secretary

(Corporate seal)

SOURCE: Printed copy of Indenture supplied by The Helen Hay Whitney Foundation in 1957. 9 pp.

The Nuffield Foundation

[One example of a British trust instrument is included for comparison purposes. Two sets of trustees (financial and managing) are provided. The donor makes certain specific provisions reserving control of stock holdings.]

TRUST DEED

THIS TRUST DEED is made the Ninth day of June One thousand nine hundred and forty-three BETWEEN THE RIGHT HONOURABLE WILLIAM RICHARD VISCOUNT NUFFIELD OF NUFFIELD G.B.E. F.R.S. M.A. HON. D.C.L. HON. LL.D. (hereinafter called "Lord Nuffield") of the one part and SIR WILLIAM MACNAMARA GOODENOUGH Baronet D.L. J.P. of 54 Lombard Street in the City of London Deputy Chairman of Barclays Bank Limited SIR JOHN SEBASTIAN BACH STOPFORD M.B.E. F.R.S. M.D. of The Firs Rusholme in the City of Manchester Vice-Chancellor of the University of Manchester FRANK LEONARD ENGLEDDOW C.M.G. M.A. B.SC. of The School of Agriculture Cambridge Fellow of St. John's College in the University of Cambridge THE HONOURABLE GEOFFREY COKAYNE GIBBS of Holwell Manor Hatfield in the County of Hertford Esquire SIR HECTOR JAMES WRIGHT HETHERINGTON M.A. LL.D. of The Principal's Lodging The University Glasgow Vice-Chancellor of the University of Glasgow SIR HENRY THOMAS TIZARD K.C.B. F.R.S. of Magdalen College in the University of Oxford the President of that College and Janet Maria Gourlay known professionally by her maiden name of JANET MARIA VAUGHAN D.M. F.R.C.P. the wife of David Gourlay of Plovers Field Newlands Corner Guildford in the County of Surrey of the other part

WHEREAS Lord Nuffield believing that those individual resources which can only be built up by private enterprise and which are freely given in the service of the community are a vital factor in the growth of Commonwealth has determined to provide that the investment mentioned in the Schedule hereto shall forthwith be held upon the charitable trusts and subject to the provisions hereinafter declared and contained and may hereafter provide that other investments shall be held on the like trusts

AND WHEREAS the said investment mentioned in the Schedule hereto consists of Ordinary Stock Units of Morris Motors Limited a company which carries on a business of which Lord Nuffield was the founder

AND WHEREAS Lord Nuffield is of the opinion that it will be to the advantage of the trust hereby constituted (and indeed having regard to the magnitude and character of the said business in the National interest) that continuity in the management control and administration of Morris Motors Limited should be preserved after his death and that with a view to securing (so far as may be) such continuity and preventing the competition for such control which might result from a sale and acquisition by other holders of any ordinary Stock Units of the said Company for the time being subject to the trusts hereof Lord Nuffield has determined that there shall be included in this Deed the restrictions hereinafter contained restricting the sale or other disposition of such Ordinary Stock Units

NOW THIS DEED WITNESSETH as follows:

1. IN this Deed the following expressions shall bear the following meanings:—

(A) "The Foundation" shall mean the trust constituted by this Deed.

(B) "The Ordinary Trustees" shall mean and include Lord Nuffield and any other persons who shall hereafter be appointed for the purposes hereof to be Trustees jointly with him of the Stock Units (as that expression is hereinafter defined) and any money or other property which Lord Nuffield shall in writing declare shall be held on the trusts hereof and the Trustees or Trustee for the time being of the Nuffield Fund (as that expression is hereinafter defined).

(C) "The Managing Trustees" shall mean and include the said Sir William Macnamara Goodenough Sir John Sebastian Bach Stopford Frank Leonard Engledow The Honourable Geoffrey Cokayne Gibbs Sir Hector James Wright Hetherington Sir Henry Thomas Tizard and Janet Maria Vaughan and their successors for the time being holding the office of Managing Trustees under the provisions hereof.

(D) "The Company" shall mean Morris Motors Limited.

(E) "The Stock Units" shall mean the investment mentioned in the Schedule hereto and any other Ordinary Stock Units of the Company which Lord Nuffield shall in writing declare are to be held on the trusts hereof as part of the Nuffield Fund.

(F) "The Nuffield Fund" shall mean the Stock Units and any other stock or shares or securities in the Company becoming vested in the Ordinary Trustees at any time and from time to time as a result of their ownership of the Stock Units and any money or other property (including stock or shares or securities in the Company) at any time and from time to time paid or transferred to them by Lord Nuffield to advance the objects of the Foundation (as that expression

is hereinafter defined) and shall where the context so admits include the investments of whatever nature from time to time representing the Nuffield Fund.

(G) "The Auxiliary Fund" shall mean any money and other property at any time and from time to time paid or transferred by any person other than Lord Nuffield to the Managing Trustees to advance the objects of the Foundation and shall where the context so admits include the investments from time to time representing the Auxiliary Fund.

(H) "The objects of the Foundation" shall mean the following purposes or any of them but only so far as the same are charitable purposes according to the law of England namely (i) the advancement of health and the prevention and relief of sickness by such means as the Ordinary Trustees and the Managing Trustees shall in their absolute discretion think fit and in particular but without prejudice to the generality of that discretion by medical research and teaching and by the organisation and development of medical and health services (ii) the advancement of social well-being by such means as the Ordinary Trustees and the Managing Trustees shall in their absolute discretion think fit and in particular but without prejudice to the generality of that discretion by scientific research and the organisation development and improvement of technical and commercial education including the training of teachers and the provision of scholarships and prizes (iii) the care and comfort of the aged poor and (iv) such other charitable purposes as shall be declared in writing (a) by Lord Nuffield in his lifetime and (b) after his death by all the Ordinary Trustees and Managing Trustees.

2. THE Ordinary Trustees shall retain the Stock Units and any other stock or shares or securities in the Company at any time and from time to time becoming vested in the Ordinary Trustees as a result of their ownership of the Stock Units and the statutory power of investment and of varying investments shall not apply to the same PROVIDED NEVERTHELESS that the Ordinary Trustees shall have power (i) during the life of Lord Nuffield with his written consent and (ii) after his death for the purpose only of raising death duties (if any) payable in respect of the Nuffield Fund upon his death to sell all or any of the Stock Units and any other stock or shares or securities in the Company at any time and from time to time becoming vested in the Ordinary Trustees as a result of their ownership of the Stock Units or any part thereof and the provisions contained in Clause 3 of this Deed shall apply to the proceeds of any such sale.

3. THE Ordinary Trustees shall hold any investments from time to time forming part of the Nuffield Fund (other than the Stock Units and

any other stock or shares or securities in the Company becoming vested in the Ordinary Trustees as a result of their ownership of the Stock Units) ON TRUST either to retain the same in their then state of investment or to sell the same and shall hold any capital money from time to time forming part of the Nuffield Fund (including the net proceeds of sale of any investment sold under the last preceding trust) ON TRUST either to place the same on deposit or current account at a bank or to invest the same in any investment of any nature whatsoever and in any part of the world (including but without prejudice to the generality of the foregoing power the purchase of lands buildings or other property of any description) with power to vary such investments for others of a like nature.

4. (A) THE Ordinary Trustees may concur in any scheme or arrangement for amalgamation or reconstruction or otherwise with regard to the affairs of the Company and any stocks shares or securities which may be received by the Ordinary Trustees as a result of the carrying-out of any such scheme shall be deemed to be included in the expression Stock Units for all the purposes of this Deed.

(B) NOTHING contained in this Deed shall prejudice or affect the right of the Ordinary Trustees or the Managing Trustees or any of them to receive and retain for their own benefit any fees or remuneration to which they or any of them may respectively be or become entitled from the Company whether as directors or otherwise.

5. THE Managing Trustees shall hold any investments from time to time forming part of the Auxiliary Fund ON TRUST either to retain the same in their then state of investment or to sell the same and shall hold any money from time to time forming part of the Auxiliary Fund (including the net proceeds of sale of any investment sold under the last preceding trust) ON TRUST either to place the same on deposit or current account at a bank or to invest the same in any investment of any nature whatsoever and in any part of the world (including but without prejudice to the generality of the foregoing power the purchase of lands buildings or other property of any description) with power to vary such investments for others of a like nature.

6. THE Ordinary Trustees shall hold the Nuffield Fund and the Managing Trustees shall hold the Auxiliary Fund UPON TRUST to apply the income of the Nuffield Fund and the income and capital of the Auxiliary Fund (first) in saving harmless and keeping indemnified the Ordinary Trustees the Managing Trustees and any persons appointed by the Ordinary Trustees and the Managing Trustees respectively under the provisions hereof to be members of any Board or Committee or Officers of the Foundation and each of them and their respec-

tive executors administrators and assigns estates and effects from and against all actions proceedings claims and demands costs damages and expenses arising out of any act deed matter or thing whatsoever made done executed omitted or neglected by the Ordinary Trustees the Managing Trustees or any such person appointed by them as aforesaid in the execution or the purported execution of the trusts hereof or otherwise howsoever in relation to the premises save only any breach of trust arising from the wilful default of the person who is sought to be made liable and (secondly) in defraying the expenses of carrying into effect the objects of the Foundation (including the expenses incurred in or about the completion of this Deed and any deed supplemental hereto) And subject thereto shall hold the income of the Nuffield Fund and the income and capital of the Auxiliary Fund UPON TRUST to apply the same in promoting the objects of the Foundation in accordance with the provisions of this Deed.

7. IF any money or property shall be paid or transferred by any person other than Lord Nuffield to the Ordinary Trustees to advance the objects of the Foundation the Ordinary Trustees shall forthwith pay or transfer the same to the Managing Trustees and such money or property shall form part of the Auxiliary Fund.

8. THE Ordinary Trustees shall have power at any time and from time to time at their discretion to transfer or pay over to the Managing Trustees any property (other than the Stock Units or any other stock or shares or securities in the Company) or any money forming part of the Nuffield Fund and such property or money shall thereupon cease to form part of the Nuffield Fund and shall form part of the Auxiliary Fund.

9. SUBJECT to the provisions of Clause 11 hereof the Managing Trustees may at any time apply any part of the capital of the Auxiliary Fund as though the same were income produced during the then current year.

10. (A) THE management administration and distribution of the Auxiliary Fund shall be vested in the Managing Trustees and the Ordinary Trustees shall not be concerned therewith.

(B) SUBJECT to the provisions of Clause 11 hereof the Managing Trustees shall in each year allocate the income of the Auxiliary Fund or such part thereof as they may determine to such of the objects of the Foundation and in such proportions as they think fit.

11. (A) THE Managing Trustees shall have power to accept gifts of any kind made by subscription or donation or otherwise for special objects which in their view conduce to the furtherance of the objects of

the Foundation and subject to special conditions (not being inconsistent with the terms of this Deed).

(B) SUCH gifts shall form part of the Auxiliary Fund but the Managing Trustees shall apply them to the special objects and in accordance with the conditions specified by the donors.

12. FOR the purpose of obviating the transfer of investments and other property comprised in the Auxiliary Fund upon the change of trustees the Managing Trustees may place any such investments or other property in the name of Barclays Nominees (Branches) Limited or any other corporation having similar objects.

13. (A) THE Ordinary Trustees and the Managing Trustees may from time to time and at any time delegate all or any of their respective powers or duties under the provisions hereof to such officers and to such boards and committees consisting of such persons as the Ordinary Trustees and the Managing Trustees shall respectively appoint.

(B) EACH such officer or member of such board or committee shall hold office during the pleasure of the Ordinary Trustees or the Managing Trustees as the case may be.

(C) A MANAGING Trustee may be appointed to any such office or to membership of any such board or committee.

14. (A) THE Managing Trustees shall on or before the Twenty-fourth day of June One thousand nine hundred and forty-four and the Twenty-fourth day of June in each year subsequent to the year One thousand nine hundred and forty-four prepare and submit to the Ordinary Trustees an estimate and accounts showing respectively (i) to which of the objects of the Foundation they propose to allocate the income of the Nuffield Fund during the then current year and in what proportions and giving any further details of their proposed expenditure which the Ordinary Trustees may require and (except in the first year) (ii) the income and expenditure of the Nuffield Fund during the then preceding year.

(B) IN the event of the Ordinary Trustees rejecting any such estimate as aforesaid the Managing Trustees shall amend such estimate in accordance with the requirements of the Ordinary Trustees.

(C) IN the event of the Ordinary Trustees approving such estimate as aforesaid the Managing Trustees shall expend all sums paid to them by the Ordinary Trustees out of the Nuffield Fund in accordance with such estimate and any variation thereof subsequently authorised by the Ordinary Trustees.

15. (A) THE Ordinary Trustees shall consider the estimates submitted to them by the Managing Trustees under the provisions of Clause 14 hereof and approve or reject the same.

(B) IF the Ordinary Trustees shall reject any such estimate they shall state in writing their reasons for such rejection.

(C) IF the Ordinary Trustees shall approve any such estimate they shall pay to or to the direction of the Managing Trustees out of the income of the Nuffield Fund the amount of such estimate.

16. (A) IF any dispute or difference shall arise between the Ordinary Trustees and the Managing Trustees as regards their respective powers authorities and discretions hereunder or otherwise in relation to the provisions hereof the same shall be determined by the Ordinary Trustees and the Managing Trustees shall abide by and give effect to such determination.

(B) IF the Ordinary Trustees or the Managing Trustees are at any time in doubt as to whether any proposed application of the income of the Nuffield Fund or of the capital or income of the Auxiliary Fund is hereby authorised as being for one of the charitable purposes which are the objects of the Foundation they may respectively make such application to the Chancery Division of the High Court of Justice as they may be advised for determination of the question whether such proposed application is so authorised and the costs of any such application if made by the Ordinary Trustees shall be borne by the income of the Nuffield Fund or if made by the Managing Trustees out of the capital or income of the Auxiliary Fund as the Managing Trustees may think fit.

17. ANY expenses incurred by the Managing Trustees hereunder which they shall determine to be attributable to the administration of both the Nuffield Fund and the Auxiliary Fund shall be apportioned between and paid out of the Nuffield Fund and the Auxiliary Fund respectively as the Managing Trustees shall in their absolute discretion determine.

18. (A) THE Managing Trustees shall have power with the consent of the Ordinary Trustees to borrow money for the purposes hereof.

(B) FOR the purpose of any such borrowing the Managing Trustees shall have power to charge the capital of the Auxiliary Fund and the future income but not the capital of the Nuffield Fund with the repayment thereof and the interest thereon PROVIDED (i) this power shall not be exercised so that the total amount at any one time owing shall exceed in the first year from the date hereof the sum of Two hundred and fifty thousand pounds and in each succeeding year a sum equal to the combined income of the Nuffield Fund and Auxiliary Fund of the preceding year and (ii) provision shall be made for the repayment out of income of each sum so borrowed and secured within five years of the date on which it was borrowed.

(C) THE provisions of Clauses 14 and 15 hereof shall apply as regards the expenditure of any money so borrowed which is charged on the income of the Nuffield Fund as though such money formed part of such income.

19. THE Ordinary Trustees shall hold office during Lord Nuffield's pleasure and the power of appointing a new Trustee in place of any Ordinary Trustee shall be vested in Lord Nuffield during his life and thereafter the statutory power of appointing new Trustees shall apply to the Ordinary Trustees PROVIDED that no appointment shall be valid whereby the number of the Ordinary Trustees is increased beyond three.

20. (A) THE Managing Trustees hereinbefore named are hereinafter referred to as the First Managing Trustees and they shall hold office in accordance with the provisions of this clause.

(B) SUBJECT as hereinafter provided on the First day of January One thousand nine hundred and forty-six one-third of the First Managing Trustees then in office (other than the Chairman) or if their number is not a multiple of three such number of them as shall be nearest to but not exceeding one-third shall retire from office and on the First day of January One thousand nine hundred and forty-eight one-half or if their number is uneven such number as shall be nearest to but not exceeding one-half of the First Managing Trustees then in office (other than the Chairman) shall retire from office and on the First day of January One thousand nine hundred and fifty all the First Managing Trustees (other than the Chairman) then remaining in office shall retire from office PROVIDED that for the purposes of this sub-clause any of the First Managing Trustees whose term of office has been extended under sub-clause (E) of this clause shall not be taken into account nor shall the provisions in this clause for retirement apply to them.

(C) THE selection of the First Managing Trustees who are to retire in accordance with the foregoing provisions shall be made by ballot to be conducted in manner directed by the Chairman.

(D) SUBJECT to the provisions of Sub-clause (F) of this clause every Managing Trustee hereafter to be appointed other than the Chairman shall hold office for a period of five years from the date of his appointment.

(E) SUBJECT to the provisions of Sub-clause (F) of this clause a Managing Trustee retiring under Sub-clause (B) or Sub-clause (D) of this clause shall be eligible for re-appointment.

(F) No person shall be appointed a Managing Trustee who shall have attained the age of sixty-five years and upon attaining that age a Managing Trustee (other than the Chairman) shall cease to hold office PROVIDED that the Chairman for the time being of the Managing

Trustees shall have power (if he shall in his absolute discretion think fit) to extend the term of office by any Managing Trustee (other than himself) so ceasing to hold office for successive periods of one year with power at the end of any year to renew such term for a further year notwithstanding that the date shall have been reached upon which such Managing Trustee would or might have retired under Sub-clauses (B) and (D) of this clause if he had not during his term of office attained the age of sixty-five years.

(G) THE power of appointing a new Trustee in place of any Managing Trustee (other than the Chairman) shall be vested in Lord Nuffield during his life and thereafter the statutory power of appointing new Trustees (other than the Chairman) shall apply to the Managing Trustees.

(H) THE number of managing Trustees including the Chairman shall not at any time be more than seven and shall be kept up to not less than five.

21. (A) THE said Sir William Macnamara Goodenough shall be the first Chairman of the Managing Trustees.

(B) THE Chairman for the time being of the Managing Trustees shall hold office for his life during Lord Nuffield's pleasure and after Lord Nuffield's death the then Chairman and each succeeding Chairman shall hold office during his life until he attains the age of sixty-five years or until he signifies in writing to the remaining Managing Trustees his desire to be discharged or becomes in the unanimous opinion of the remaining Managing Trustees unfit to act in the trusts hereof by reason of absence abroad or incapacity PROVIDED that after the death of Lord Nuffield the Managing Trustees for the time being (other than the Chairman) shall have power (if they shall in their absolute discretion think fit) to extend the term of office of any Chairman ceasing to hold office by reason of having attained the age of sixty-five years for successive periods of one year with power at the end of any year to renew such term for a further year.

(C) THE power of appointing a new Chairman of the Managing Trustees shall be vested in Lord Nuffield during his life and after his death in the managing Trustees other than the Chairman.

22. (A) SAVE as otherwise specifically provided herein the Ordinary Trustees and the Managing Trustees respectively shall act in all respects in conformity with any resolution passed by a majority of them respectively and any act done in the execution of the trusts hereof by a majority of the Ordinary Trustees or of the Managing Trustees shall be as valid and effectual as if the same had been done by all the Ordinary Trustees or all the Managing Trustees as the case may be PROVIDED

ALWAYS that during Lord Nuffield's lifetime the Ordinary Trustees shall only act in conformity with a unanimous resolution.

(B) THE Chairman of the Managing Trustees shall have a casting vote as well as an original vote.

23. IN all matters connected with the objects of the Foundation which involve major issues of policy the Managing Trustees shall consult with the Department or Departments of State concerned therewith and shall give consideration to the views of such Department or Departments without however being bound to act in consonance therewith.

24. (A) THE Ordinary Trustees and the Managing Trustees shall have power to remunerate any officer or member of any board or committee appointed by them respectively under the provisions of this Deed (including a Managing Trustee so appointed).

(B) THE Managing Trustees shall have power with the consent of the Ordinary Trustees to pay to any Managing Trustee in addition to his expenses remuneration in respect of his services to the Foundation at such rate as they shall in their absolute discretion (with such consent) determine.

25. THE Trust shall be called The Nuffield Foundation.

26. AT any time during his life Lord Nuffield may by Deed and after his death the Ordinary Trustees may by Deed executed with the consent in writing of all the Managing Trustees for the time being in office and subject as hereinafter provided revoke or vary any of the provisions of this Deed so far as they affect the Nuffield Fund but so that no such revocation or variation shall extend to vary or affect the definition of the objects of the Foundation as contained in Clause 1 hereof nor authorise the application of any part of the income or capital of the Nuffield Fund for any purpose other than the charitable objects of the Foundation defined as aforesaid and so that any such revocation or variation shall not extend to alter the definition of the Nuffield Fund contained in Clause 1 hereof nor authorise the application of any part of the capital of the Nuffield Fund for any purpose not hereinbefore authorised or the sale or realisation of any of the Stock Units or other stock or shares or securities in the Company at any time becoming vested in the Ordinary Trustees as a result of their ownership of the Stock Units (except in accordance with the provisions hereinbefore contained).

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first above written.

4,000,000 Ordinary Stock Units of 5s. each of Morris Motors Limited.

SIGNED SEALED AND DELIVERED

by the said The Right Honourable
William Richard Viscount Nuffield
of Nuffield in the presence of
W. HOBBS . . .

NUFFIELD	(L.S.)
W. M. GOODENOUGH	(L.S.)
JOHN S. B. STOPFORD	(L.S.)
F. L. ENGLEADOW	(L.S.)
G. C. GIBBS	(L.S.)
H. J. W. HETHERINGTON	(L.S.)
H. T. TIZARD	(L.S.)
JANET MARIA VAUGHAN	(L.S.)

SOURCE: *The Nuffield Foundation*: Trust Deed. Herbert & Gowers & Co., Oxford, England, undated. 11 pp.

The Mount Vernon Community Trust

[The community trust movement started in 1914 with the Cleveland Foundation. Typically, capital gifts or bequests are received and administered as to principal through the trust departments of qualified local banks and trust companies. The income, and the principal if so authorized, is distributed under the supervision and control of a distribution committee of the community trust itself. The resolution and declaration of trust of the community trust is adopted by each of the member banks, so that funds may be given the community trust through them with incorporation of the resolution and declaration by simple reference in the conveying instrument. Nearly all of these documents are patterned after the original Cleveland resolution, with certain accretions through the years. The one produced here, that of The Mount Vernon (Ohio) Community Trust, is relatively brief but covers the essential points. In recent years some of these organizations have been set up as corporations rather than trusts, so that one now refers to the group as "community foundations."]

RESOLUTION AND DECLARATION OF TRUST

WHEREAS, there is a need in this community for the creation of a general fund permitting of flexibility in the power of distribution, to assist public educational, charitable, or benevolent enterprises;

Now, THEREFORE, to accomplish this purpose, the Board of Directors of The First-Knox National Bank or The Board of Directors of The Knox County Savings Bank, both of Mount Vernon, resolves:

I

The First-Knox National Bank or The Knox County Savings Bank agrees to accept gifts, devises, or bequests, in trust for public educational, charitable or benevolent uses and purposes, to be administered as a single trust, known as "The Mount Vernon Community Trust."

Distribution of funds shall be made under the direction of a Committee selected for its interest in and knowledge of the public educational, charitable, or benevolent needs of the people.

II

A. THE TRUSTEE:

The Trustee shall exercise all rights of absolute ownership in the administration of all property constituting the trust, in its own discre-

tion, without any court orders, irrespective of any statutes now or hereafter in force limiting the investments of trust companies or trustees; and it shall not be liable for any loss except for its own wilful default.

The Trustee may, in its discretion, accept any gifts, devise or bequest as part of "The Mount Vernon Community Trust" if consistent with the purposes of this Trust.

The Trustee shall quarterly certify to the Distribution Committee the amount available for distribution under the trust, and shall make the distribution upon written direction of the Committee. In so doing, the Trustee, and the Directors thereof, shall not be responsible for any act or omission of the Distribution Committee.

B. THE DISTRIBUTION COMMITTEE:

The Committee to direct the distribution shall consist of five (5) residents of Knox County, Ohio. Not more than two members shall belong to the same religious sect or denomination. No member shall hold or seek any public office, unless it be of entirely non-political and non-partisan nature.

All members shall hold office for five (5) years from the first day of January following their appointments; excepting, those first appointed shall serve for the following terms, counting from the first day of January after their appointments, although their terms shall commence as soon as appointed.

The Committee shall be appointed as follows:

One member by The Board of Directors of The First-Knox National Bank of Mount Vernon—Original Term, One Year.

One member by The Board of Directors of The Knox County Savings Bank, Mount Vernon, Ohio—Original Term, Two Years.

One member by The Board of Directors of The Mount Vernon Chamber of Commerce—Original Term, Three Years.

One member by The City Council of Mount Vernon, Ohio—Original Term, Four Years.

One member by the joint action of the Judge of the Court of Common Pleas of Knox County, Ohio, and the Judge of the Probate Court of Knox County, Ohio—Original Term, Five Years.

All members shall serve until their successors are selected and qualified.

The Committee shall organize as soon as possible, elect a Chairman and other officers, and adopt by-laws for the conduct of its affairs. It is authorized to appoint a Secretary, who need not be a member of the Committee, to keep its records and to perform other duties as directed.

The members of the Committee shall serve without compensation, but expenses of the Committee shall be paid out of funds available for distribution by the Trustee. A majority of the Committee shall constitute a quorum, and a majority vote at a meeting at which a quorum is present shall constitute an action of the Committee, except as otherwise provided and except that the affirmative vote of three members of the Committee shall be required to direct the payment of money.

Should any power of appointment not be exercised for sixty days after request, the appointment shall be made by a Board composed of the members of The Boards of Directors of The First-Knox National Bank of Mount Vernon and The Knox County Savings Bank, a majority of whom shall constitute a quorum.

The Committee, in directing distribution of funds, shall respect any wishes expressed in creating the gift; provided that, if the Committee, by resolution adopted by the affirmative vote of four members and approved by the Trustee, shall determine that it is unwise or impractical to apply the gift, devise, or bequest to the purpose or in the manner indicated by the donor, or to expend income only, the Committee, with the approval of the Trustee, may thereafter direct the application of the gift, devise, or bequest to such other public educational, charitable, or benevolent purpose, or in such other manner, or direct such expenditure of principal, as, in the opinion of the Committee, will best comply with the purposes of this trust, and will be most nearly related to the purpose indicated by the donor.

In the absence of any specific direction of the donor, the Committee shall have absolute discretion to direct the distribution of all funds as may, in its opinion, best comply with the purposes of this trust.

The members of the Committee shall not be personally liable for any misapplication of funds in violation of this trust, provided direction for such distribution shall have been made in good faith and not in wilful violation of this Trust.

Should the Committee fail to direct the disbursement of funds, the Trustee shall have the power and duty to disburse the funds, to the same extent as the Committee, so that there shall be no failure to carry out this trust. The Trustee and its directors shall be fully protected in any such distribution so long as it is made in good faith and by reason of the failure of the Committee to act.

The proportion of the interest of each gift in the total fund, and the apportionment of income to or for a given beneficiary or purpose, shall be subject to the unlimited discretion of the Committee in accordance with rules to be established by the Committee, and subject to change by it.

Failure of any member of the Committee to attend a majority of the meetings of the Committee for one year, without excuse, or inability

to perform his or her duties by reason of incompetency or other cause, or the removal of a member from Knox County, Ohio, shall, in the discretion of the Committee, operate as a resignation from membership on the Committee.

A record shall be kept of all donors to the trust, and proper recognition given to all donors, excepting those requesting anonymity.

The Committee shall annually publish in a newspaper of general circulation in Knox County, Ohio, a report of its proceedings during the preceding year, stating the aggregate of the fund, the disbursements made pursuant to its direction, and the purposes for which the disbursements were made.

The accounts of the Trustee, and the expenses of the Distribution Committee shall be annually audited by an independent auditor appointed by the Committee.

Should the Trustee resign all or part of its trust, the Committee may designate a successor, which shall be a financial institution authorized to do a trust business in Ohio, and which shall have all of the rights, powers, duties and immunities of its predecessor.

C. MODIFICATION:

All donors to this Trust, and the Trustee, shall be deemed conclusively to have agreed that the Distribution Committee, by resolution adopted by the affirmative vote of four members and approved by the Trustee, may, at any time, modify or amend the administrative provisions of this Resolution in any manner consistent with the purposes of this Trust, or terminate The Mount Vernon Community Trust.

D. TERMINATION:

In the event of the termination of The Mount Vernon Community Trust, the Trustee shall administer all funds entrusted to it under this Trust in such manner as will, in its judgment, best comply with the purpose of this Trust.

SOURCE: *First Annual Report of The Mount Vernon Community Trust*. The Trust, Mount Vernon, Ohio, 1946, pp. 18-24.

Smith Kline & French Foundation

[*Indenture made December 19, 1952, between Smith Kline & French Laboratories (hereinafter called "SKF") and H. E. Morgan, G. F. Roll, and W. F. Thompson (hereinafter called "Trustees") setting up a company-sponsored foundation.*]

INDENTURE

WHEREAS, SKF contemplates from time to time making gifts and contributions in aid of charitable, educational and scientific uses and purposes and wishes to establish a trust for the more efficient administration and distribution of such funds as it may allocate to such purposes; and

WHEREAS, the Trustees are willing to accept contributions and to hold and distribute the same for the uses and purposes and upon the trusts stated in this Indenture.

THIS INDENTURE WITNESSETH

1. *Name of Trust.* The trust hereby created shall be known as the "Smith Kline & French Foundation."

2. *The Trust Estate.* The term "trust estate" as used herein shall mean any and all sums of money, securities and other property of whatever character which may hereafter be given, transferred or conveyed to the Trustees by SKF or by any other person, together with the income therefrom and the accumulations thereupon.

3. *Purposes of the Foundation.* The Foundation is created and shall be administered and operated exclusively for the benefit of, and the trust estate shall be distributed by the Trustees exclusively in aid of such charitable, educational and scientific uses and purposes as the Trustees may select, such distribution of the trust estate to be made at such times and in such manner and amounts as the Trustees in their discretion may determine. Without limiting the foregoing discretion, the Trustees will, however, endeavor to give preferential consideration to charitable, educational and scientific uses and purposes which may be related, directly or indirectly, to the welfare of SKF's employees and to its interest as a corporation, such as community chests in localities in which SKF operates plants and educational or scientific institutions training men for work in fields in which SKF operates.

In no event and under no circumstances shall any part of the trust estate be distributed, directly or indirectly, (a) to SKF or to any director, officer or stockholder¹ of SKF; or (b) to any Trustee; or (c) to any stockholder, member, director, trustee or officer of any corporation which may be formed, pursuant to the authority hereafter given, to take over the administration of the Foundation, or (d) to any corporation, trust, or community chest, fund, or foundation, unless created or organized in the United States or in any possession thereof or under the law of the United States, or of any State or Territory, or of the District of Columbia, or of any possession of the United States, and unless organized and operated exclusively for charitable, scientific or educational purposes, but only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.

4. *Administration of the Foundation.* In addition to and not in limitation of the usual powers of trustees, the Trustees herein named and their successors shall have the following powers:

(a) To retain and hold any sums of money, securities and other property of whatever character which may at any time be given, transferred or conveyed to them or to make sales thereof at their discretion, and to invest and reinvest the proceeds, including any income accumulated thereon, in real or personal property of any character or description as they may deem wise, without being limited to such classes of investments as may from time to time be designated as legal investments for fiduciaries.

(b) To organize at any time a non-profit corporation under the laws of any State or Territory of the United States or of the District of Columbia for the purposes set forth in Section 3 hereof and with such powers as the Trustees may deem expedient, and to transfer to such non-profit corporation all of the trust estate then held by them.

(c) To terminate the trust at any time in their discretion by delivering written notice of termination to SKF, provided that prior to such termination the entire trust estate shall have been distributed for the purposes specified in Section 3 hereof.

¹ Added by later amendment: (other than an organization contributions to which are deductible under Sections 23 (o) and 23 (q) of the Internal Revenue Code, as the same may be amended.)

(d) To appoint from time to time a bank or bank and trust company to be custodian of securities and to perform such other duties as they may deem advisable; to employ such attorneys, agents, clerks, accountants and others as they may deem necessary; and to pay any such bank or bank and trust company and any other person whom they may so employ from the funds in their charge as expenses of administration.

(e) To cause any securities which are at any time a part of the trust estate to be registered in the name of a nominee or nominees.

5. *Number, Appointment and Responsibilities of Trustees.* There shall at all times be three trustees herein appointed by the Board of Directors of SKF, each of whom shall continue in office for the term of one year or until his successor is appointed by the Board. The term of office of each of the trustees named in this instrument shall expire on December 31, 1953, or at such later time as his successor is appointed by the Board; provided, however, that the Board shall also have power to fill all interim vacancies.

Any action taken by a majority of the persons who for the time being are duly acting as Trustees shall have the same force and effect for any and every purpose as if taken by all of the Trustees.

No Trustee shall receive any compensation for acting as such.

No Trustee shall be held liable or responsible with respect to any matter connected with or arising from his administration of the trust, provided he has acted in good faith and in accordance with the terms hereof.

No Trustee shall be required to file any bond or enter any security for the faithful performance of his duties as Trustee.

The Trustees shall have power to make such rules for the conduct of the affairs of the trust as to them may seem appropriate and to change such rules.

6. *Revocation and Amendment.* This Indenture shall be irrevocable, subject only to the right of the Trustees to terminate the trust in the manner and upon the conditions specified in Section 4 (c) hereof.

This Indenture may be amended by consent of SKF and the Trustees, but only to the extent that amendment may from time to time be necessary or advisable (a) to continue the exemption as respects the Foundation and the deductibility as respects gifts to the Foundation now granted, respectively, by Section 101 (6) and by Sections 23 (o) and (q) of the Internal Revenue Code, as the same may be amended, and (b) to facilitate the administration of the trust under this Indenture.

IN WITNESS WHEREOF, SKF has caused these presents to be executed by its duly authorized officers and its corporate seal to be

hereunto affixed, and H. E. Morgan, G. F. Roll and W. F. Thompson have hereunto set their hands and seals the day and year first above written.

SMITH KLINE & FRENCH LABORATORIES

By: FRANCIS BOYER
President

Attest: J. L. McCURDY
Secretary

H. E. MORGAN (Seal)

G. F. ROLL (Seal)

W. F. THOMPSON (Seal)

SOURCE: Copy supplied by Smith Kline & French Foundation.

CHAPTER 5

Corporate Resolutions

WHEN a business corporation desires to set up a foundation, in the form of trust or corporation, to serve as a depository for charitable funds and the chief (sometimes the sole) channel for their distribution, an initiating resolution by the Board of Directors is customary. Two examples follow.

United States Steel Foundation

[The Resolution of the United States Steel Corporation is brief, the details having been carried in the certificate of incorporation¹, presented at the same meeting.]

RESOLVED: That the formation of a charitable non-stock and non-profit corporate foundation under the laws of the State of Delaware to be known as United States Steel Foundation, Inc., having objects and purposes substantially as set forth in the form of certificate of incorporation presented to this meeting, be, and the same hereby is, recommended and the officers of this Corporation be, and they hereby are, authorized to cause such foundation to be duly organized.

SOURCE: *Minutes*, Directors' Meeting of November 24, 1953, United States Steel Corporation.

¹ Reprinted on pp. 174-178.

Shell Companies Foundation, Incorporated

[Here is presented an excerpt from the Minutes of the Board of Directors of Shell Oil Company covering the creation of the Shell Companies Foundation, Incorporated. The By-Laws of this Foundation are elsewhere presented.¹]

The Chairman referred to his statement made at the meeting of this Board held on _____, concerning a plan to create a foundation to receive from the Company and others and to administer and distribute funds for charitable, scientific, educational, religious and literary purposes. He stated that the proposal had been given further consideration and that it was deemed desirable to proceed with the proposal. He then requested the Board to authorize all action required for the creation of a foundation and the donation of money or property from the Company to said foundation. After full discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, That the Company shall participate in such capacity and with such individuals and corporations as the President of the Company shall determine in the creation of a foundation to receive, administer and distribute money and other property for charitable, scientific, educational, religious and literary purposes exclusively, said foundation to be either in the form of a corporation or trust, as the President shall determine; and that the President, the Executive Vice President and the Vice Presidents of this Company be, and each of them is, hereby authorized to do all things and execute all documents necessary or convenient to carry out the purposes of this resolution, and

RESOLVED, That the Company make or cause to be made donations of money or property of any nature whatsoever to said foundation, prior to _____, in any amount or amounts as the President, in his discretion, shall determine; provided, however, that the aggregate amount of donations made pursuant to this Resolution shall not exceed _____, said donations to be charged to income for the year _____.

SOURCE: *Minutes*, Directors' Meeting of Shell Oil Company.

¹ Reprinted on pp. 221-232.

Certificates of Incorporation

THE USUAL FRAMEWORK for foundations in recent years has been incorporation under the laws of a state or territory. As compared with the trust, the incorporated foundation is somewhat more difficult to initiate and requires continuing attention, but it is a more flexible instrument. Within the traditionally broad limitations of charter or certificate of incorporation, it can subsidize or undertake operations of the widest variety by simple action of its board of directors, or trustees, as they usually style themselves.

The laws creating and regulating nonprofit corporations differ in the various jurisdictions, with the result that some foundations are incorporated in states other than those in which their main office and chief activities center. When the state of incorporation has been determined, it is necessary to get approval of state authorities.

The procedure is to submit the proposed articles of incorporation to the secretary of state or other designated official together with such other documents as the particular jurisdiction may require. There may or may not be provision for public notice and a waiting period. After review (which is perfunctory in most states at present) a certificate of incorporation is issued and the foundation is a legal person.

The certificate of incorporation is in effect a charter, and not always easily amended. In consequence it is usually framed in broad terms, often including the specific verbiage of federal and state legislation governing tax exemption.

Required content varies somewhat from state to state, but the following provisions from the Model Non-Profit Corporation Act prepared by a committee of the American Bar Association are typical.

Section 29. ARTICLES OF INCORPORATION. The articles of incorporation shall set forth:

- (a) The name of the corporation.
- (b) The period of duration, which may be perpetual.
- (c) The purpose or purposes for which the corporation is organized.
- (d) If the corporation is to have no members, a statement to that effect.
- (e) If the corporation is to have one or more classes of members, any provision which the incorporators elect to set forth in the articles of incorporation designating the class or classes of members and stating the qualifications and rights of the members of each class.
- (f) If the directors or any of them are not to be elected or appointed by one or more classes of members, a statement of the manner in which such directors shall be elected or appointed.
- (g) Any provisions, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the internal affairs of the corporation, including any provision for distribution of assets on dissolution or final liquidation.
- (h) The address of its initial registered office, and the name of its initial registered agent at such address.
- (i) The number of directors constituting the initial board of directors, and the names and addresses of the persons who are to serve as the initial directors.
- (j) The name and address of each incorporator.

It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this Act.

Unless the articles of incorporation provide that a change in the number of directors shall be made only by amendment to the articles of incorporation, a change in the number of directors made by amendment to the by-laws shall be controlling. In all other cases, whenever a provision of the articles of incorporation is inconsistent with a by-law, the provision of the articles of incorporation shall be controlling.¹

¹ The complete Model Act is printed in Taylor, Eleanor K., *Public Accountability of Foundations and Charitable Trusts*. Russell Sage Foundation, New York, 1953, pp. 150-178.

Research Corporation

[Founded "to support scientific research and investigation," this organization derives its income chiefly from royalties on patents assigned to it and from the operations of a wholly owned manufacturing and commercial subsidiary. The Certificate of Incorporation reflects these unusual characteristics. In several universities research foundations of a similar character have been established.]

CERTIFICATE OF INCORPORATION

THIS IS TO CERTIFY, that we the undersigned, all being persons of full age and all citizens of the United States and all of whom are residents of the State of New York, desiring to form a stock corporation, for the purpose of aiding and encouraging technical and scientific research as hereinafter more particularly described, pursuant to the provisions of the General Corporation Law, the Business Corporations Law and the Stock Corporation Law of the State of New York, do hereby make, sign, acknowledge and file the following certificate:

FIRST: The name of the proposed corporation shall be "RESEARCH CORPORATION."

SECOND: The purposes of the proposed corporation are:

(a) To receive by gift and to acquire by purchase or otherwise, inventions, patent rights and letters patent either of the United States or foreign countries, and to hold, manage, use, develop, manufacture, install and operate the same, and to conduct commercial operations under or in connection with the development of such inventions, patent rights and letters patent and to sell, license or otherwise dispose of the same, and to collect royalties thereon, and to experiment with and test the validity and value thereof, and to render the same more available and effective in the useful arts and manufactures and for scientific purposes and otherwise.

(b) To provide means for the advancement and extension of technical and scientific investigation, research and experimentation by contributing the net earnings of the corporation, over and above such sum or sums as may be reserved or retained and held as an endowment fund or working capital, and also such other moneys and property belonging to the corporation as the Board of Directors shall from time to time deem proper, to the Smithsonian Institution, and such other

scientific and educational institutions and societies as the Board of Directors may from time to time select in order to enable such institutions and societies to conduct such investigation, research and experimentation.

(c) To receive, hold and manage, and dispose of such other moneys and property, including the stock of this and of any other corporation, as may, from time to time, be given to or acquired by this corporation in the furtherance of its corporate purposes, and to apply the same and the proceeds or income thereof, to the objects specified in the preceding paragraph.

THIRD: The amount of the capital stock is Twenty thousand dollars (\$20,000), and the amount of capital with which the corporation shall begin business is One thousand dollars (\$1,000).

FOURTH: The number of shares of which the capital stock shall consist is Two hundred (200) of the par value of One hundred dollars (\$100) each. No dividends shall be declared or paid thereon, and the entire net profits earned by said capital stock shall be applied to or expended for the aforesaid purposes.

FIFTH: The principal office and place of business of the corporation is to be located in the Borough of Manhattan, City, County and State of New York, but it shall have power to carry on its work, and do business in any state, territory or dependency of the United States, or in the District of Columbia, or in any foreign country.

SIXTH: The duration of the corporation shall be perpetual.

SEVENTH: The number of Directors of the corporation shall be fifteen, and they need not be stockholders. They shall have power to manage the affairs of the corporation, to make, amend and repeal such by-laws and regulations not inconsistent with the laws of this State or the United States, as they deem proper, and to appoint and employ such officers and employees as they consider necessary; and they may by by-laws or resolutions designate five or more Directors as an Executive Committee, with power to exercise all the rights and perform all the duties of the Board, which may be lawfully delegated in the management of the business of the corporation.

EIGHTH: The names and post office addresses and places of residence of the Directors for the first year are:

Names	P.O. Addresses And Residences
William L. Dudley,	Nashville, Tennessee.
T. Coleman duPont,	Wilmington, Delaware.
Frederick A. Goetze,	411 West 117th Street, New York City.

Elon H. Hooker,	512 Fifth Avenue, New York City.
Hennen Jennings,	Washington, District of Columbia.
Charles Kirchhoff,	244 Riverside Drive, New York City.
Benjamin B. Lawrence,	170 West 59th Street, New York City.
Arthur D. Little,	Brookline, Massachusetts.
John B. Pine,	24 Gramercy Park, New York City.
Lloyd N. Scott,	11 East 44th Street, New York City.
Charles A. Stone,	Plymouth, Massachusetts.
James J. Storrow,	Boston, Massachusetts.
Elihu Thomson,	Swampscott, Massachusetts.
Charles D. Walcott,	Washington, District of Columbia.
Mark S. Reardon, 3rd,	170 Keap Street, Brooklyn, N. Y.

NINTH: The said Directors shall, at their first meeting, classify themselves with respect to the time for which they shall severally hold office by dividing themselves into three classes, each consisting of one-third of the whole number of the Board of Directors. The Directors of the first class shall serve for a term of one year; the Directors of the second class for a term of two years; and the Directors of the third class for a term of three years; and at each annual election the successors to the class of Directors whose term shall expire in that year shall be elected to hold office for the term of three years, so that the term of office of one class of Directors shall expire in each year.

TENTH: The names and post-office addresses and places of residence of the subscribers and the number of shares which each agrees to take in the corporation are as follows:

Names	Addresses	Shares
Frederick A. Goetze,	411 West 117th St., N. Y. City.	Three
Elon H. Hooker,	512 Fifth Ave., N. Y. City.	Four
Charles Kirchhoff,	244 Riverside, N. Y. City.	Three

IN WITNESS WHEREOF, the undersigned have executed this certificate the 16th day of February, 1912.

(Signed) FREDERICK A. GOETZE
 ELON HUNTINGTON HOOKER
 CHARLES KIRCHHOFF

SOURCE: *By-Laws, Research Corporation*. The Corporation, New York, undated, pp. 2-5. Planographed. Corrected in accordance with original minute book.

The Kosciuszko Foundation, Inc.

[This is an early (1925) certificate of incorporation relating to a small foundation in the field of international relations, in this case specifically relations between Poland and the United States.]

CERTIFICATE OF INCORPORATION

We, the undersigned, all citizens of the United States, of full age, and at least one of them a resident of the State of New York, being desirous of forming a corporation for the purposes specified below, pursuant to and in conformity with an act of the Legislature of the State of New York, being Chapter 40 of the Laws of 1909, relating to Membership Corporations, constituting Chapter 35 of the Consolidated Laws, and all amendments thereto, do hereby make, sign and acknowledge this certificate.

FIRST: The name of the proposed corporation is THE KOSCIUSZKO FOUNDATION, Inc.

SECOND: The particular objects for which the corporation is to be formed are:

1. To grant voluntary financial aid to deserving Polish students desiring to study at higher institutions of learning in the United States of America; and to deserving American students, desiring to study in Poland.
2. To encourage and aid the exchange of professors, scholars and lecturers between Poland and the United States of America.
3. To cultivate closer intellectual and cultural relations between Poland and the United States in such ways and by such means as may from time to time seem wise, in the judgment of the Board of Directors of the Corporation.
4. To receive and maintain and to administer a fund or funds and to apply the income thereof for the purposes specified in this Article Second.
5. Subject to such limitations as may be prescribed by law, to receive and acquire by grant, gift, purchase, devise, bequest or otherwise, as may be lawful, money and real and personal property of any kind and to hold, accumulate, invest, or dispose of such property or the income derived therefrom for the furtherance of the above stated objects.

THIRD: The territory in which the operations of the Corporation are principally to be conducted is the United States of America.

FOURTH: The principal office of the Corporation will be in the County of New York, in the Borough of Manhattan, City of New York.

FIFTH: The number of Directors of the Corporation shall be not less than three (3) and not more than fifteen (15).

SIXTH: The names and places of residence¹ of the persons who shall be directors of the Corporation until its first annual meeting are: WILLIS H. BOOTH, CEDRIC E. FAUNTLEROY, ROBERT H. LORD, HENRY NOBLE MACCRACKEN, STEPHEN P. MIZWA, PAUL MONROE, and SAMUEL M. VAUCLAIN.

SEVENTH: The Corporation shall adopt by-laws not inconsistent with law for the management of the property of the Corporation and for the regulation of its affairs.

The by-laws of the Corporation may be divided into different classes and designated as constitution, by-laws, rules, regulations, or otherwise, and may provide different methods for amending and repealing such classes respectively.

By-laws duly adopted at a meeting of the members of the Corporation shall control the action of the Board of Directors and shall take precedence over any inconsistent rules adopted by such Board.

IN WITNESS WHEREOF, we have made and executed this Certificate in duplicate as of the 2nd day of December in the year one thousand nine hundred and twenty-five.

STEPHEN P. MIZWA
HENRY NOBLE MACCRACKEN
WILLIS H. BOOTH
SAMUEL M. VAUCLAIN
ROBERT H. LORD

SOURCE: *The Kosciuszko Foundation*: Certificate of Incorporation, By-Laws. The Foundation, New York, undated, pp. 5-7.

¹ Addresses omitted in this printing.

Robert Schalkenbach Foundation, Inc.

[This is an early (1925) certificate of incorporation for a highly specialized foundation. It included among its purposes attempts to influence legislation. Exempt status of the Foundation was challenged on the basis of this provision, although the Foundation had not engaged in legislative propaganda. A decision was rendered in favor of the Foundation upon agreement to strike from its charter the phrase "to assist in all proper ways to establish the same in practical operation of law."]

CERTIFICATE OF INCORPORATION

We, the undersigned, all being persons of full age and at least two-thirds being citizens of the United States and at least one of us a resident of the State of New York, desiring to form a corporation, pursuant to Section 41 of the Membership Corporations Law of the State of New York, do hereby make, sign and acknowledge this certificate as follows:

FIRST: The particular objects for which the corporation is formed are as follows:

To keep before the public the ideas of Henry George as set forth in his book "Progress and Poverty" and his other writings, especially what are popularly known as the Single Tax on Land Values and International Free Trade; to secure discussion and consideration of these doctrines and their probable effect upon social welfare; to assist in all proper ways to establish the same in practical operation of law; to aid in the education of the public in the science of economics and sound principles of taxation; and for these purposes to establish and maintain such facilities as may be necessary for publishing, lecturing and educational activities and/or to give aid to individuals or other organizations with similar objects and to do all other acts that may tend to further the objects named.

In pursuance of the above objects to receive and administer funds from the Estate of Robert Schalkenbach, deceased, and any other property that may be donated, devised or bequeathed for any or all of such objects.

The affairs of this corporation shall not be conducted for the pecuniary profit of its members.

SECOND: The name of the corporation is to be

ROBERT SCHALKENBACH FOUNDATION, INC.

THIRD: The territory in which its operations are to be principally conducted is the United States of America.

FOURTH: Its principal office is to be located in the Borough of Manhattan, City of New York, County of New York, State of New York.

FIFTH: The number of directors is to be twenty-one (21). The directors hereinafter named and their successors shall also be the members of this corporation and no vacancy in membership shall be filled without the concurrence of eleven directors, or of two-thirds if there be less than sixteen in office, nor shall the number of members be increased above twenty-one except by unanimous consent.

SIXTH: The names and post-office addresses¹ of the persons to be its directors until its first annual meeting are as follows: John H. Allen, James R. Brown, E. Yancey Cohen, Richard Eyre, Walter Fairchild, Bolton Hall, Charles O'Connor Hennessy, Charles H. Ingersoll, Frederic C. Leubuscher, Joseph Dana Miller, John Moody, John J. Murphy, Arthur C. Pleydell, Edward Polak, Louis F. Post, Lawson Purdy, Charles T. Root, George L. Rusby, Albert E. Schalkenbach, Samuel Seabury, Frank Stephens.

IN WITNESS WHEREOF we have made, signed and acknowledged this certificate in duplicate.¹

Dated this 21st day of April, 1925.

Approved by Hon. Charles L. Guy, Justice of the Supreme Court, April 24, 1925.

Filed in the office of the Secretary of State, April 25, 1925; and in the office of the County Clerk of New York County, April 27, 1925.

SOURCE: *Robert Schalkenbach Foundation: To Promote the Economics of Henry George*. Purposes, Certificate of Incorporation, By-Laws. The Foundation, New York, 1925, pp. 7-8.

¹ Addresses, signatures, and affidavits in original not reprinted here.

The Bill Raskob Foundation, Inc.

[This is an example of an intensely family-centered foundation. Set up as a memorial to a son, the donors reserved certain special rights during their lifetime and provided that membership in the corporation should be limited to their descendants.]

CERTIFICATE OF INCORPORATION

FIRST: The name of this corporation is THE BILL RASKOB FOUNDATION, INC.

SECOND: Its principal office and location in the State of Delaware is to be at No. 7 West Tenth Street, in the City of Wilmington, County of New Castle, and the name and address of its resident agent is John J. Raskob, No. 7 West Tenth Street, Wilmington, Delaware.

THIRD: This Foundation is created by John J. Raskob and Helena Springer Raskob in memory of their son, WILLIAM FREDERICK RASKOB, SECOND, who was born in Wilmington, Delaware, June 23, 1908, and died near Centreville, Queen Anne's County, Maryland, July 5, 1928. He was known as Bill to everyone and ever had a heart full of sympathy for and an unselfish desire to help those in trouble and sorrow.

Bill was a devout Roman Catholic and was ever true to himself, his family, friends, and Yale University, his alma mater. His cheery manner, his honesty, sincerity and integrity, reflecting his character and high ideals, gained for him friends who will ever carry the finest memories of their association with him. No more fitting memorial of Bill can be established than this Foundation.

The objects and purposes proposed to be promoted and carried on are the relief and assistance of poor orphans and other poor children. Such assistance shall be extended for their maintenance, their education and to help them to get started in life and business.

In addition to the purposes set forth in the next preceding paragraph hereof, the income and/or principal of the foundation may also be used for any general charitable purpose that may be approved by two-thirds of the members of this corporation.

In furtherance and not in limitation of the general powers conferred by the laws of the State of Delaware and of the objects herein set forth, it is expressly provided that this corporation shall also have the following powers, viz.;

To acquire, receive, purchase, hold, use and enjoy, and to take by gift, grant, devise or bequest, real estate, personal and mixed property, whether within or without the State of Delaware, and rights in action, and to grant, bargain and sell, give, exchange, demise, let, assign, mortgage, pledge, transfer and set over the same at pleasure, and generally to deal therewith as fully and amply as individual persons can do with their own property; and also to make contracts and to do all matters and things and to have all other privileges, powers and liberties permitted to a corporation organized under the general incorporation laws of the State of Delaware;

To act as trustee in any case where real, personal or mixed property is received, by grant, gift, devise or bequest, in trust to be used for the purpose of assisting and relieving poor orphans and other poor children, in the manner hereinabove prescribed, and also for any other general charitable purpose that may be approved by two-thirds of the members of the corporation, as hereinabove provided.

FOURTH: This corporation is not organized for profit. No capital stock will be issued and no dividends paid.

This corporation shall consist of not less than two and not more than fifteen members. The conditions of membership are that John J. Raskob and Helena Springer Raskob of Claymont, New Castle County, Delaware, shall each be members for life, unless they or either of them should resign or should be found to be incapacitated to act by unanimous vote of all the members except the one so found to be incapacitated.

In addition to the said John J. Raskob and Helena Springer Raskob, the corporation shall have such other members as may be chosen by the joint vote of the said John J. Raskob and Helena Springer Raskob, while both are members, or by the single vote of either the said John J. Raskob or Helena Springer Raskob, when only one of them is a member, until both the said John J. Raskob and Helena Springer Raskob shall cease to be members and, after both the said John J. Raskob and Helena Springer Raskob have ceased to be members, new members of this corporation shall be chosen by the affirmative vote of a majority of the members at the time of such choice.

Execution of this certificate by the said John J. Raskob and Helena Springer Raskob is evidence of their choice of John J. Raskob, Jr., as a member of this corporation and the charter members shall be considered to be John J. Raskob, Helena Springer Raskob and John J. Raskob, Jr.

FIFTH: The said John J. Raskob and Helena Springer Raskob, two of the charter members of this corporation, shall hold office during their lives, respectively, or until they or either of them shall resign or until they or either of them shall have been removed for incapacity to act in

the manner hereinabove prescribed. All other members of this corporation shall hold office until they shall resign or die or be removed as herein provided.

The said John J. Raskob and Helena Springer Raskob, so long as they are both members of this corporation, shall jointly have the right, at will, to remove from membership any other member of the corporation and either the said John J. Raskob or Helena Springer Raskob shall have the like right of removal when only one of them is a member of the corporation.

When both the said John J. Raskob and Helena Springer Raskob shall cease to be members of the corporation, any member may thereafter be removed by a two-thirds vote of all the members of the corporation at the time such vote is taken.

No person shall be eligible to membership in this corporation except the said John J. Raskob and Helena Springer Raskob and their descendants.

Each member of the corporation shall have one vote. The members of the corporation shall be ex-officio directors of the corporation. A majority of the members shall constitute a quorum for the transaction of business, provided that no appropriation of money or other corporate action shall be taken without the affirmative vote of at least a majority of the directors and, so long as they are members, both the said John J. Raskob and Helena Springer Raskob must be included in such majority.

SIXTH: The names and places of residence of each of the original incorporators and members of this corporation, who shall continue as members and serve as directors of the corporation until their successors become members as herein provided, are:

Name	Residence
John J. Raskob	Claymont, Delaware
Helena Springer Raskob	Claymont, Delaware
John J. Raskob, Jr.	Claymont, Delaware

SEVENTH: The existence of this corporation is to be perpetual.

EIGHTH: The private property of the members shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The Certificate of Incorporation of this corporation may be amended from time to time as provided by law upon the affirmative vote of at least a majority of the members at the time such vote is taken.

TENTH: By-Laws may be adopted and altered by the affirmative vote of a majority of the directors.

WE, THE UNDERSIGNED, being each of the original incorporators hereinbefore named, for the purpose of forming a corporation to act both within and without the State of Delaware, and in pursuance of the provisions of Chapter 65, as amended, of the Revised Code, 1915, Laws of Delaware, do make and file this Certificate and declare that the facts herein stated are true and we have accordingly hereunto set our respective hands and seals, this _____ day of _____, A.D. 1928.

Signed and sealed
in the Presence of:

JOHN J. RASKOB	(Seal)
HELENA SPRINGER RASKOB	(Seal)
JOHN J. RASKOB, JR.	(Seal)

SOURCE: Copy supplied by The Bill Raskob Foundation.

Rockefeller Brothers Fund, Inc.

[This is an example of a foundation set up by multiple living donors. The original incorporators were the five Rockefeller brothers, but the Board subsequently has been increased to eight, including two persons not related to the Rockefeller family.]

CERTIFICATE OF INCORPORATION

Pursuant to the Membership Corporations Law

We, the undersigned, desiring to form a corporation pursuant to the Membership Corporations Law of the State of New York, do hereby make, sign and acknowledge this certificate for that purpose.

1. The name of the corporation shall be

ROCKEFELLER BROTHERS FUND, INC.

2. The objects for which the corporation is formed are the application to charitable purposes of the income, and if the corporation so decides, of the principal, of such property as the corporation may from time to time possess, including the giving of the same to any other charitable corporation or corporations; and also including in case of property acquired by gift, devise or bequest, the application of the income and the principal thereof to such charitable purposes as the donor or testator may have prescribed in his will or instrument of gift.

3. No part of the net income of the corporation shall inure to the benefit of any private member or individual, and no member, officer or employee of the corporation shall receive or be lawfully entitled to receive any pecuniary profit of any kind therefrom, except reasonable compensation for services in effecting one or more of its purposes or as a proper beneficiary of its strictly charitable purposes.

4. The territory in which the operations of the corporation are principally to be conducted is the United States of America, its possessions and dependencies, but the operations of the corporation shall not be limited to such territory.

5. The office of the corporation is to be located in the City and County of New York.

6. The number of directors of the corporation, who shall be known and styled as trustees, shall be not less than three (3) and not more than eight (8).

7. The names and places of residence of the persons who shall be the directors of the corporation until its first annual meeting are as follows:

Names	Places of Residence
John D. Rockefeller, 3rd	Pocantico Hills, New York
Nelson A. Rockefeller	Pocantico Hills, New York
Laurance S. Rockefeller	Pocantico Hills, New York
Winthrop Rockefeller	24 West 55th Street, New York, New York
David Rockefeller	Pocantico Hills, New York

8. The membership of the corporation shall consist of not less than three (3) and not more than eight (8) persons, to-wit: the undersigned subscribers of this certificate and their successors; provided, however, that none of said subscribers or of their successors shall continue to be a member of the corporation after ceasing to be a director thereof, and that the election of a person as director shall likewise be an admission to membership in the corporation.

9. All of the undersigned subscribers to this certificate are of full age, at least two-thirds of them are citizens of the United States, and at least one of them is a resident of the State of New York; and of the persons above named as directors at least one is a citizen of the United States and a resident of the State of New York.

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 23rd day of December, 1940.

(Signed) JOHN D. ROCKEFELLER, 3RD
NELSON A. ROCKEFELLER
LAURANCE S. ROCKEFELLER
WINTHROP ROCKEFELLER
DAVID ROCKEFELLER

SOURCE: Mimeographed copy supplied by Rockefeller Brothers Fund, New York. 5 pp.

James Foundation of New York, Inc.

[The James Foundation of New York is governed by a provision in its Charter that its existence be terminated within a period of twenty-five years from June 4, 1941. This provision in the Certificate of Incorporation reflects the definite "desire" to this effect expressed in the Will of Arthur Curtiss James.]

CERTIFICATE OF INCORPORATION

Pursuant to the Membership Corporations Law

We, the undersigned, for the purposes of forming a membership corporation pursuant to the Membership Corporations Law of the State of New York, do hereby make, subscribe and acknowledge this Certificate as follows:

FIRST: The name of the corporation shall be

JAMES FOUNDATION OF NEW YORK, INC.

SECOND: The purposes for which the corporation is formed are the application to charitable, religious and educational purposes of the income and, when the corporation so determines, of the principal, of such property as the corporation may from time to time possess, including all such property as may be paid over, transferred or conveyed to or may become vested in the corporation pursuant to the last will and testament of Arthur Curtiss James, late of the City, County and State of New York, by making distribution of the same to charitable, religious and educational institutions (limited to those which are exclusively of a non-profit, non-proprietary character) for the furtherance of the work of such institutions, to the end that all the net income, and within a period of twenty-five (25) years from June 4, 1941 the entire principal thereof, shall be distributed among charitable, religious and educational institutions, or applied for the furtherance of the work of such institutions; and upon the expiration of said period or upon the earlier completion of the distribution of all the corporation's property, the corporation shall be dissolved by its members by appropriate legal proceedings.

THIRD: No part of the net income of the corporation shall inure to the benefit of any private member or individual, and no member, officer or employee of the corporation shall receive or be lawfully entitled to receive any pecuniary profit of any kind therefrom, except

reasonable compensation for services rendered in effecting one or more of its purposes.

FOURTH: The territory in which the operations of the corporation are principally to be conducted is the United States of America, its possessions and dependencies, but the operations of the corporation shall not be limited to such territory.

FIFTH: The office of the corporation is to be located in the City and County of New York.

SIXTH: The number of directors, who shall be known and styled as Trustees, shall be five (5).

SEVENTH: The names and residences of the persons who shall be the directors of the corporation until the first annual meeting are as follows:

Name	Residence
William W. Carman	85 Hobart Avenue, Summit, N. J.
Robert E. Coulson	120 East End Avenue, New York, N. Y.
William M. Kingsley	1 West 54th Street, New York, N.Y.
Talbot T. Lewis	335 Grove Street, Oradell, N. J.
Charles E. Andrews	46 Sunnyside Avenue, Pleasantville, New York

EIGHTH: The membership of the corporation shall consist of five (5) persons, to wit, the undersigned subscribers to this certificate, and their successors; provided, however, that none of said subscribers or their successors shall continue to be a member of the corporation after ceasing to be a director thereof, that the election of a person as director shall likewise be an admission to membership in the corporation, and that such election shall be by a majority of the directors remaining in office.

NINTH: All of the undersigned subscribers to this certificate are of full age, at least two-thirds of them are citizens of the United States, and at least one of them is a resident of the State of New York, and of the persons above named as directors at least one is a citizen of the United States and a resident of the State of New York.

IN WITNESS WHEREOF, We have made and subscribed this certificate this 14th day of August, 1941.

WILLIAM W. CARMAN
ROBERT E. COULSON
WM. KINGSLEY
TALBOT T. LEWIS
CHARLES E. ANDREWS

SOURCE: Copy supplied by James Foundation of New York, Inc.

Kansas City Association of Trusts and Foundations

[This unique document establishes a central administrative unit in which a number of Kansas City foundations have joined for certain purposes, but with full maintenance of their separate identities and right of independent action.]

ARTICLES OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, for the purpose of forming a corporation under the laws of Missouri, relating to benevolent, religious, scientific, educational, and miscellaneous associations under Article Ten, Chapter 33, of the Revised Statutes of Missouri, 1939, and all other provisions of law relating thereto, have entered into the following agreement:

FIRST: The name of the corporation shall be KANSAS CITY ASSOCIATION OF TRUSTS AND FOUNDATIONS.

SECOND: The location of the corporation shall be Kansas City, Jackson County, Missouri.

THIRD: The duration of the corporation shall be perpetual.

FOURTH: The purposes of the corporation are to assist charitable, educational, social welfare, civic and humanitarian trusts, corporations, foundations and institutes in the discharge and performance of their respective functions within the community of Kansas City, Missouri and its environs. In furtherance thereof the corporation shall have power:

(a) To originate, initiate, devise, study, analyze, evaluate, recommend, and publish plans (i) for the community-wide coordination of the resources, functions, and expenditures of public and private agencies respecting the charitable, educational, social welfare, civic, and humanitarian needs and responsibilities of the community of Kansas City, Missouri, and its environs, (ii) for the elimination or reduction of duplicating or improvident functions and expenditures relating thereto, and (iii) for the conservation and more effective and economical utilization of the energies and funds available therefor;

(b) to originate, initiate, devise, investigate, analyze, study, appraise, and publish projects and programs, or proposals therefor, appropriate to the separate respective purposes, resources, and activi-

ties of individual public and private agencies engaged in charitable, educational, social benevolent, civic, and humanitarian work, which shall be in keeping with the community needs and requirements, and to assist any such agency in the administration and execution thereof;

(c) to perform administrative and all manner of ministerial services for charitable, educational, social welfare, civic, and humanitarian trusts, corporations, foundations, institutes, and agencies, to conduct research appropriate to its purposes, and to do any other lawful thing calculated to promote the purposes of the corporation to the extent and in the manner now or hereafter permitted by the laws of the State of Missouri.

FIFTH: The corporation shall have the power to execute deeds, contracts, agreements, and obligations, the purposes whereof are consonant with the laws of the State of Missouri under which this corporation is organized. It may accept any trust, the purpose whereof is lawful under said laws, and may receive and take by deed or devise in its corporate capacity any property, real, personal or mixed, for carrying out the purposes of such trust, and execute trusts so created. It may also acquire, hold, sell, or lease, in its own name by purchase, gift, deed or otherwise, such property, real, personal and mixed, including patents, trade-marks, copyrights, licenses, and leases, as may be convenient and appropriate for its purposes, subject only to any limitation which may be now or hereafter imposed upon it by the laws of the State of Missouri; all income, however, from any and all of its property shall be applied to the purposes of this corporation as defined herein and under the laws of the State of Missouri.

SIXTH: The permanent membership of this corporation, who are hereinafter and may be, from time to time, referred to as "directors," shall be such number, not less than seven (7), as may be fixed in the bylaws of the corporation from time to time adopted.

SEVENTH: Subject to the preceding paragraph, the directors of the corporation shall have the power to adopt a seal and to make and from time to time to repeal, amend, and enforce bylaws and rules for the government and support of the corporation and the management of its property, prescribing the number, qualifications, method of election or appointment, and tenure, of its directors and officers, and delegating to its officers or to committees of the directors such power and authority for the conduct and management of the affairs of the corporation as may be from time to time provided therein. The directors shall have power to accept or adopt on behalf of the corporation and subject the corporation to the provisions of any laws of Missouri hereafter enacted, pertaining to nonprofit corporations of like purposes, which may be

lawfully adopted and accepted by this corporation, and thereupon this corporation shall be entitled to exercise the rights, powers, and privileges conferred upon corporations organized thereunder or accepting the provisions thereof and shall be subject to the obligations and duties imposed therein.

EIGHTH: No part of the net earnings of the corporation shall be distributed to, used for, or inure to the benefit of any private member or individual. No substantial part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting, to influence legislation.

NINTH: Should the corporation cease to do business and be dissolved, all property and funds remaining after the payment of the debts of the corporation shall be distributed to a corporation, trust, or community chest, fund, or foundation of the type heretofore in Article FOURTH mentioned and which would then qualify under the provisions of Sections 23 (o) and (q) of the Internal Revenue Code, as they now exist or as they may hereafter be amended, provided that if said sections are repealed or materially changed so as to eliminate such organizations therefrom, such funds shall be paid and distributed to the University of Kansas City, Kansas City, Missouri, or to its successor.

IN TESTIMONY WHEREOF, we have hereunto set our hands this 28th day of December, 1948.

(Signed) B. L. HUPP
GEO. H. DAVIS
TAYLOR S. ABERNATHY
BARRET S. HEDDENS
CARL W. ALLENDOERFER
ARTHUR MAG
EDWARD M. COX

SOURCE: Copy supplied by Kansas City Association of Trusts and Foundations. 4 pp.

The Helen Hay Whitney Foundation

[The Helen Hay Whitney Foundation was first established under a trust indenture, which has been presented in Chapter 4. This certificate of incorporation has been included partly so that direct comparison can be made between these two types of instrument as prepared for the same institution.]

CERTIFICATE OF INCORPORATION

Pursuant to the Membership Corporations Law

We, the undersigned, for the purpose of forming a membership corporation pursuant to the Membership Corporations Law of the State of New York, hereby certify:

1. The name of the proposed corporation shall be "The Helen Hay Whitney Foundation."

2. The purposes for which the corporation is formed are (1) to promote, stimulate and support research in the diagnosis, treatment and cure of rheumatic fever and rheumatic heart disease; (2) to promote the development of knowledge and the application thereof to the improvement of social welfare, and to that end to conduct and voluntarily to assist investigation, study, research, experiment and the dissemination of information in the fields of medical science, social science and social welfare, and (3) voluntarily to give aid and assistance to organizations and the institutions which are organized and operated exclusively for religious, charitable, scientific, literary, educational or other benevolent purposes and are exempt from taxation under Section 101 of the Internal Revenue Code of the United States as said section may from time to time be amended. In furtherance of such purposes the corporation may use such means as are not prohibited by law or by its certificate of incorporation or by its by-laws which may seem advisable to its trustees.

Nothing herein contained, however, shall authorize the corporation to engage in any of the activities specified under Section 11 of the Membership Corporations Law or Section 35 of the Social Welfare Law.

No part of the net earnings of the corporation shall enure to the benefit of any private shareholder or individual and no substantial part of the activities of the corporation shall be carrying on propaganda or otherwise attempting to influence legislation.

3. The territory in which its operations are principally to be conducted is the State of New York, but it may also engage in operations elsewhere in the United States and in foreign countries.

4. The city and county in which its office is to be located is the City and County of New York.

5. The number of its directors, to be known as trustees, shall be not less than five and not more than eleven.

6. The names and residences of the trustees until the first annual meeting are:

Names	Residences
Walter Bauer, M.D.	268 Woodward Street Boston, Mass.
Eugene F. DuBois, M.D.	1215 Park Avenue New York 28, N.Y.
T. Duckett Jones, M.D.	220 East 73rd Street New York 21, N.Y.
Joan W. Payson	Shelter Rock Road Manhasset, N.Y.
Frederick K. Trask, Jr.	401 Sound Beach Avenue Old Greenwich, Conn.

7. The corporation may receive any donations, grants, devises or bequests which may be made for its corporate purposes.

The corporation shall not be limited to the spending of the income of its funds, but may from time to time spend any part or all of the principal thereof.

8. All of the subscribers to this certificate are of full age, at least two-thirds of them are citizens of the United States; at least one of them is a resident of the State of New York; of the persons named as trustees at least one is a citizen of the United States and a resident of the State of New York.

9. Upon dissolution of the corporation the assets remaining, after all debts have been fully satisfied, shall, subject to the order of a justice of the Supreme Court of the State of New York, be distributed among such educational, scientific or charitable organizations, institutions or corporations as the board of trustees shall have designated and in the absence of such designation they shall be conveyed to the State of New York to be used for the promotion of the development of knowledge and the application thereof to the improvement of social welfare.

IN WITNESS WHEREOF we have made, subscribed and acknowledged this certificate this 15th day of December, 1950.

WALTER BAUER, M.D.

EUGENE F. DuBOIS, M.D.

T. DUCKETT JONES, M.D.

JOAN W. PAYSON

FREDERICK K. TRASK, JR.

SOURCE: Photostat of Certificate of Incorporation supplied by The Helen Hay Whitney Foundation, 1957. 4 pp.

United States Steel Foundation, Inc.

[This is a company-sponsored foundation. All of its "members" must be directors of the United States Steel Corporation. These members elect a Board of Trustees in whom management is vested; at least a majority of these trustees must be members of the corporation, and therefore directors of the parent company. The Certificate has been carefully drawn to confer very broad powers.]

CERTIFICATE OF INCORPORATION

The undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, agree to become the original members of the corporation as herein set forth, and hereby certify:

FIRST: The name of the corporation is

UNITED STATES STEEL FOUNDATION, INC.

SECOND: The principal office of the corporation in the State of Delaware is to be located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its resident agent is The Corporation Trust Company, whose address is No. 100 West Tenth Street, Wilmington, Delaware.

THIRD: The objects and purposes of the corporation are, exclusively, to engage in, assist and contribute to the support of exclusively charitable, educational and scientific activities and projects, and to contribute to the support of, and to create and maintain, exclusively charitable, educational and scientific institutions, organizations and funds of any and every kind.

In carrying out these objects and purposes, the corporation shall have power:

(a) without limit as to the amount going to any one recipient or, in the aggregate, to all recipients, to make and award donations, gifts, contributions, scholarships, fellowships, and loans, from the income or assets of the corporation, but exclusively for charitable, educational and scientific purposes within the limitations set forth in this Certificate of Incorporation;

(b) to accept by gift, devise, bequest or otherwise, property of every kind and description, without limit as to amount;

(c) to purchase, take on lease or otherwise acquire, hold, invest, reinvest, use, mortgage, pledge, lease, exchange, sell, assign, transfer or otherwise dispose of both real and personal property of every kind and description, and any interest in any property; and to exercise in respect of any and all property any and all rights and privileges of ownership;

(d) to have offices, and to promote and carry out its objects and purposes, and to exercise its powers, within and without the State of Delaware;

(e) to enter into, make, perform and carry out any contracts or agreements for any purposes or objects herein set forth, without limit as to amount, with any individual, firm, association, corporation or entity;

(f) to do any act suitable and proper in the accomplishment of the purposes or the attainment of the objects or the furtherance of the powers herein set forth, either alone or in association with other corporations, firms or individuals or otherwise;

(g) to do every other act or acts incidental or appurtenant to or growing out of the aforesaid objects or purposes, provided the same are not inconsistent with the laws under which the corporation is organized.

The corporation shall not be operated for profit, and the foregoing objects, purposes and powers are each and all subject to the limitations that no part of the net earnings of the corporation shall inure to the benefit of any private individual, that no substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation, and that no donation, gift, contribution or loan shall be made to any organization a substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.

FOURTH: In the event of the liquidation, dissolution or winding up of the corporation, whether voluntary, involuntary or by operation of law, except as may be otherwise provided by law, when and as authorized by the affirmative vote of a majority of the members given at a members' meeting duly called for that purpose or when authorized by the written consent of a majority of the members, the Trustees of the corporation shall have the power to dispose of the total assets of the corporation in such manner as they may by a majority vote determine; provided, however, that such disposition shall be calculated exclusively to carry out the objects and purposes for which the corporation is formed.

FIFTH: The corporation shall have no capital stock.

SIXTH: The names and places of residence of each of the incorporators, who shall be the original members of the corporation, are:

Names	Residences
Benjamin F. Fairless	Ligonier, Pennsylvania
Enders M. Voorhees	14 East 68th Street New York 21, N.Y.
Clifford F. Hood	5023 Frew Avenue Pittsburgh 13, Pa.
Roger M. Blough	501 Hudson Street Hawley, Pa.
Robert C. Tyson	33-39 80th Street Jackson Heights, N.Y.

SEVENTH: The corporation is to have perpetual existence.

EIGHTH: The private property of the members, Trustees and officers of the corporation shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The conditions of membership of the corporation are:

1. Only individuals who are directors of United States Steel Corporation, a corporation organized under the laws of the State of New Jersey, or a successor corporation, are eligible to become, or to be, members. Subject to the provisions as to eligibility contained herein, members of the corporation, without limit as to number, may be elected by majority vote of the then members. If a member shall at any time cease to be a director of said United States Steel Corporation or a successor corporation, his membership in the corporation shall forthwith terminate. A member may voluntarily withdraw from the corporation at any time. There shall be at all times not less than three members of the corporation, and if, at any time, the total membership shall fall below three members, whether by reason of death, voluntary withdrawal or otherwise, the two remaining members, or the one remaining member, as soon as practicable, shall elect or select an additional member or members at least sufficient to bring the total membership up to three members. All rights, powers, privileges, obligations and duties of a member as such member of the corporation shall cease on the termination of his membership, unless otherwise provided by law or by the by-laws of the corporation.

2. The corporation may establish and put into effect such further rules, regulations and orders governing admission to and termination of membership, rights, powers, privileges, obligations and duties of members and classification of members as the by-laws shall from time to time provide and as shall not be inconsistent with paragraph 1 of this Article.

TENTH: The members shall elect a Board of Trustees in whom shall be vested the management of the affairs of the corporation. At least a majority of the Trustees shall at all times be members of the corporation. The number of Trustees which shall constitute the whole Board shall be fixed by, or in the manner provided in, the by-laws, but in no case shall the number be less than three. The manner of election of the Trustees, their tenure of office and their duties and powers shall, except as otherwise provided in this Certificate of Incorporation, be prescribed in the by-laws, which may also regulate the calling and holding of meetings of the Board.

ELEVENTH: In furtherance and not in limitation of the powers conferred by law, the Board of Trustees is expressly authorized:

1. To make, alter or repeal any by-laws, except as otherwise provided in any by-laws adopted by vote of the members of the corporation.
2. To borrow money in the name of the corporation and to authorize and cause to be executed mortgages and liens, without limit as to amount, upon real and personal property of the corporation.
3. To appoint such committees, including an Executive Committee of two or more in number, and such officers as the Board of Trustees shall deem desirable for the furtherance of the objects and purposes of the corporation, and to delegate to such committees, and to confer upon such officers, such powers as, in the discretion of the Board of Trustees, are appropriate and desirable.
4. To appoint agents on such terms as the Board of Trustees may determine, including payment of reasonable compensation for services actually rendered and expenses actually incurred in the performance of such services.
5. From time to time to determine whether and to what extent and at what times and in what places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to inspection.
6. If the by-laws so provide, to hold their meetings and to have one or more offices within or without the State of Delaware, and to keep the books of the corporation (subject to the provisions of the statutes of the State of Delaware) outside of the State of Delaware at such place or places as from time to time may be designated by the Board of Trustees.
7. To make and award any and all donations, gifts, contributions, scholarships, fellowships and loans which the corporation may make or award pursuant to this Certificate of Incorporation.
8. In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, to exercise all such powers and to do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the statutes of the

State of Delaware, of this Certificate, and of any by-laws from time to time made by the members.

TWELFTH: The corporation may, at any meeting of its Board of Trustees, sell, lease or exchange all or substantially all of its property upon such terms and conditions and for such consideration as its Board of Trustees deems expedient and for the best interests of the corporation, when and as authorized by the affirmative vote of a majority of the members given at a members' meeting duly called for that purpose, or when authorized by the written consent of a majority of the members.

THIRTEENTH: No amendment of the Certificate of Incorporation shall be effective unless authorized by the affirmative vote of a majority of the members of the corporation given at a members' meeting duly called for that purpose, or authorized by the written consent of a majority of the members.

IN WITNESS WHEREOF, we have hereunto set our hands and seals as of the 24th day of November, 1953.

_____(L.S.)

SOURCE: Copy supplied by the United States Steel Foundation in 1957.

The New World Foundation

[The New World Foundation was incorporated in Illinois on November 4, 1954, by the trustees under the Will of Anita McCormick Blaine, who were expressly authorized so to do. The statement of "objectives and purposes" is taken from the Will. In accordance with Illinois practice, the Articles of Incorporation are on a two-page printed form, the pertinent portions of which are reproduced below.]

Filing Fee \$10.00

FORM NP-1

ARTICLES OF INCORPORATION
UNDER THE
GENERAL NOT FOR PROFIT CORPORATION ACT
(These articles must be filed in duplicate)

(Do Not Write in This Space)

Date Paid

Filing Fee \$

Clerk

To CHARLES F. CARPENTIER, Secretary of State, Springfield, Illinois.

We, the undersigned,

(Not less than three)

Name	Number	Street	Address City	State
Anne Blaine Harrison	227	East Delaware Place,	Chicago,	Illinois
Roger I. Lee	264	Beacon Street,	Boston,	Massachusetts
Richard Bentley	120	South LaSalle Street,	Chicago,	Illinois

being natural persons of the age of twenty-one years or more and citizens of the United States, for the purpose of forming a corporation under the "General Not For Profit Corporation Act" of the State of Illinois, do hereby adopt the following Articles of Incorporation:

1. The name of the corporation is: THE NEW WORLD FOUNDATION
2. The period of duration of the corporation is: Perpetual
(Please state "perpetual" or a definite number of years)
3. The address of its initial Registered Office in the State of Illinois is: Room
1845, 120 South LaSalle Street in the City of Chicago (3) County of Cook
(Zone)
- and the name of its initial Registered Agent at said Address is: Richard Bentley
4. The first Board of Directors shall be three (3) in number, their names and
(Not less than three)
addresses being as follows:

Name	Street	Address City State
Anne Blaine Harrison	227 East Delaware Place,	Chicago, Illinois
Roger I. Lee	264 Beacon Street,	Boston, Massachusetts
Richard Bentley	120 South LaSalle Street,	Chicago, Illinois

5. The purpose or purposes for which the corporation is organized, are:
To effectuate the testamentary objectives and purposes of Anita McCormick Blaine, late of Chicago, Illinois, whose Will (a copy of which is attached hereto and made a part hereof) was admitted to probate in the Probate Court of Cook County, Illinois, on February 19, 1954, by establishing upon a permanent foundation "the charitable purposes of advancing thought and work along one or more of the following lines:

- (a) the right education for children;
- (b) the relationship to life, and the ethics, of industry and commerce;
- (c) instruction and education toward a common ideal of public health;
- (d) the possibilities of communication between the seen and the unseen worlds;
- (e) the relationships between peoples and nations, and the avoidance of war;
- (f) the growth of the spiritual, as distinguished from the material, elements of human life."

And for those purposes, pursuant to Clauses 3 and 8 of the THIRD paragraph of the Will, to enable the Trustees therein appointed, after giving effect to sections 1 through 31 inclusive to Clause 2 of the THIRD paragraph, to convey the Trust Property to a corporation organized by them.

6. In carrying out the aforesaid purposes, the corporation shall have the same rights, powers, discretion and duties as well as the same responsibilities, privileges and immunities as those conferred upon the Trustees named in the Will; and the corporation shall be administered and operated exclusively for the religious, charitable, scientific and educational purposes therein stated and as above set forth. No part of the net earnings of the corporation shall in any way inure to the benefit of any individual, and no part of the assets or income of the corporation or of its activities shall be applied to the carrying on of propaganda or otherwise attempting to influence legislation.

(NOTE: Any special provision authorized or permitted by statute to be contained in the Articles of Incorporation, may be inserted above.)

(INCORPORATORS MUST SIGN BELOW)

<u>Anne Blaine Harrison</u>	}	Incorporators
<u>Roger I. Lee</u>		
<u>Richard Bentley</u>		
<u> </u>		
<u> </u>		

SOURCE: Copy of the Articles of Incorporation supplied by The New World Foundation in 1957.

Calouste Gulbenkian Foundation

[*The Calouste Gulbenkian Foundation was established by decree-law in Portugal in 1956. The following "Statutes" are the equivalent of articles of incorporation for an American foundation, which they much resemble in form and content. This example from abroad is included chiefly for comparison purposes.*]

STATUTES OF THE FOUNDATION

CHAPTER I

Nature, Nationality, Duration and Seat of the Institution

Article 1. The Calouste Gulbenkian Foundation established by Calouste Sarkis Gulbenkian by his Will dated the 18th June 1953, which he left when he died on the 20th of July 1955, is a private Institution of general public utility, endowed with legal personality, which will be governed by the present Statutes. Anything omitted therefrom will be governed by appropriate Portuguese law.

Article 2. The Institution is Portuguese and is in perpetuity.

Article 3. The seat is in Lisbon, it being, however, possible to establish branches wherever it may be deemed necessary or expedient.

CHAPTER II

Purposes of the Foundation and Localities of Its Activities

Article 4. The purposes of the Foundation are charitable, artistic, educational and scientific.

Article 5. The activities of the Foundation will be exercised not only in Portugal but also in any other country where its Administrators deem it expedient.

Article 6. The Administrators of the Foundation will decide, amongst the aims of the Institution, not only the particular purpose or purposes to be carried out in each place but also the form and manner of so doing.

Article 7. Besides the general purposes mentioned in Article 4, the Foundation has, according to the formal terms laid down in the Founder's Will, the following specific objects:

(a) Provision for all the specific subsidies which the Testator, up to the date of his death, granted in a regular manner to any person individually or to charitable, artistic, religious or scientific institutions,

notwithstanding the place where they are established or the place of their activities;

(b) provision for the subsidies which, up to the date of the execution of the Will, the Testator granted to the Yedi-Kule Hospital, in Istanbul, and to the Gulbenkian Library, in Jerusalem;

(c) provision for the life annuities and retirement pensions established by the Will; and

(d) provision for all the remaining obligations and for the carrying out of all the directions in the Will which the Executors, for one reason or another, have not been able to carry out, especially that established in Clause 24.

Sole paragraph.—Any doubts which may arise with regard to the execution of the special purpose referred to in paragraph (a) of the introduction of this Article will be freely resolved by the Administrators of the Foundation.

CHAPTER III

Endowment

Article 8. The endowment of the Calouste Gulbenkian Foundation is constituted by:

1. All the assets of the Testator's estate, irrespective of their nature and locality, for which no other purpose was assigned by the Will;

2. All the assets which constitute the capital of Trusts, created by the Testator, during his life or by his Will, in favour of third parties as and when those Trusts cease to exist for any reason, provided that no other purpose was assigned to the assets concerned by the Deed of Constitution of such Trust;

3. The assets which the Foundation will acquire from the available income of its endowment;

4. The subsidies, eventual or permanent, which may happen to be granted by any public-spirited persons; and, also,

5. All other assets which may accrue to the Foundation by any other free gift.

Article 9. The Foundation can:

(a) Acquire real estate, not only that necessary for establishing its headquarters, branches and charitable, artistic, educational and scientific institutions, created or maintained by the Foundation, but also any which its Administration may deem it proper to acquire with a view to realising a more productive or less hazardous use of the assets of its endowment; and

(b) Accept outright donations and legacies, as well as conditional or onerous donations and legacies, provided, in the latter cases, that any condition or its duty is not opposed to the aims of the institution.

CHAPTER IV

Administration

Article 10. The Administration of the Foundation will be carried out by a Board, composed of between three and nine members, of which one will be Chairman.

Article 11. Since the Institution is Portuguese and has to operate under Portuguese law, the majority of the members of its Board must be of Portuguese nationality.

Article 12. As long as there are descendants of the founder in the direct line living, one of the seats of the Board of Administration should be preferably occupied by one of those descendants, when in this connection the circumstances foreseen in the final part of rule 1 of clause 18 of the Founder's Will, are present.

Article 13. The Board of Administration, as a tribute to the memory of the Founder, may create the post of Honorary President of the Foundation, for the purpose of conferring it whenever the Board so decides, upon any direct descendant of the Founder.

The Honorary President of the Foundation will have no special functions to fulfil and therefore his functions will only be those arising from his membership of the Board of Administration, should he become a member of such Board.

Article 14. As stipulated in the Will, the Board of Administration has the widest powers of representation of the Foundation, of free management and disposal of its endowment and for the realisation of the aims for which the latter was instituted.

Article 15. The Board of Administration may create outside Portugal, in such other countries where the Foundation may carry out its activities temporarily or permanently, any kind of representation, organising the same in the manner considered the most efficacious.

Article 16. To carry out the provisions of the foregoing Article and further, for the purpose of cooperation in the carrying out of its functions, the Board of Administration may, in particular:

(a) Create bodies, permanent or otherwise, for the purpose of consultation and information, within each of the branches of the activities which constitute the purpose or aims of the Foundation, establish the regulations to which its operations are to be subject, and fill the respective posts;

(b) Create not only the Trusts foreseen in the Will, but also any others which may prove necessary and convenient for the good and most economical management of the endowment of the Foundation and

transfer there to the control, ownership and administration, or the administration alone, of any assets which form part of said endowment;

(c) Delegate, for a definite or indefinite period, to any of its members, individually or jointly, or to persons not on the Board, the representation of the same and the exercise of one or more of its powers;

(d) Entrust capable persons, under the designation of Secretary General and of Assistant Secretaries, with the carrying out of the ordinary routine work of the Foundation and the execution of the Board's resolutions or the decisions of its members entrusted with delegated authority; and

(e) Appoint any Attorneys.

Sole paragraph. The Instruments of Delegation and the Powers of Attorney will specify the powers delegated or conferred and the conditions under which they are to be exercised.

Article 17. The Calouste Gulbenkian Foundation is bound by:

(a) The signature of any two members of its Board of Administration;

(b) The signature, individual or joint, of one or more delegates, or of one or more Attorneys of the Board of Administration, as stipulated in the respective Instruments of Delegation or Powers of Attorney.

Article 18. The functions of the members of the Board of Administration chosen by the Founder in the Will which created the Foundation, and therein called Trustees, are, as stipulated in the said will, for life.

The functions of members of the Board of Administration, when carried out by any direct descendant of the Founder, are similarly for life.

The functions of the other members of the Board of Administration are temporary and renewable, as set out in Article 20.

Article 19. The present existing vacancies on the Board of Administration and those which may occur until all the members envisaged in Article 10 have been chosen, on first appointment, will be filled, exclusively, by the choice of the life members actually in office appointed in the Will. Vacancies which may occur after all the seats on the Board have been filled will be filled by resolution of all its members, and the same will apply when there are no longer life members and the completion of the Board, according to the previous clause, is exclusively within their competence.

Article 20. The duties of temporary members of the Board will be for five-year periods and will always be renewable as set out in the following Article.

Article 21. At least ninety days prior to the end of each period of duration of the duties of temporary members, the Board will decide by means of a secret ballot, whether their appointment should or should

not be renewed. Should renewal be decided upon, this will apply to the two longest-standing members of the Board, and, in the case of their period of duty being identical, renewal will apply to the two oldest.

Article 22. Members of the Board of Administration will be remunerated as stipulated in the Will.

CHAPTER V

Financial Control

Article 23. The Board of Administration will, every year, make an exact inventory of the endowment of the Foundation and prepare a statement of all its income and expenditure.

For this purpose the necessary audit will have to be arranged and made under the permanent control of a reputable firm of Chartered Accountants, as set out in the Will.

Article 24. In addition there will be an Accountancy Checking Commission, consisting of the Director General of Public Accountancy, the Director General of Public Assistance and of three additional members: one to be appointed by the Lisbon Academy of Science, another by the National Academy of Arts and the third by the National Board of Banks and Banking Houses.

Sole paragraph. The functions of the three latter members will be for a five-year period and will always be renewable.

Article 25. The Accountancy Checking Commission must:

1) Examine, by the 30th June of each year, the inventory of the endowment of the Foundation and the statement of the revenue and expenditure for the previous year, taking as a basis the Chartered Accountants' reports and the documents pertaining thereto.

2) Check whether the revenue of the endowment of the Foundation was employed in accordance with the purposes of the Statutes.

Article 26. The Accountancy Checking Commission will make its annual report, which will be published compulsorily at the expense of the Foundation.

Article 27. The Accountancy Checking Commission will receive the remuneration fixed before it enters upon its duties by the Board of Administration.

Such remuneration can be altered at the end of each three-year period.

CHAPTER VI

Transitory Dispositions

Article 28. After approval of these Statutes, the life members of the Board of Administration will, in accordance with the terms of the

respective Article 19 and of Clause 18 of the Will, proceed, to the extent they may deem it necessary, to fill all or only some of the existing vacancies in the said Board.

Article 29. The first Accountancy Checking Commission shall be definitely constituted within a period of 60 days as from the date of approval of these Statutes.

Article 30. The first inventory, statement and accounts of the Foundation will be closed on the 31st December 1957.

Lisbon, the 5th July 1956.—*Kevork Loris Essayan*.—*José de Azeredo Perdigão*.

SOURCE: *Calouste Gulbenkian Foundation*. The Foundation, Lisbon, 1956, pp. 9-13.

CHAPTER 7

Constitutions

ACCORDING TO WEBSTER, a constitution is "the fundamental organic law or principles of government of a nation, state, society, or other organized body of men, embodied in written documents . . . laying down fundamental rules and principles for the conduct of affairs."

Most modern foundations have their fundamental organic law spelled out in their articles of incorporation; they need less rigidity than the word *constitution* implies in their secondary legal instrument, which is usually a set of by-laws which can be amended without too much difficulty as need arises.

Only a few foundations, therefore, possess a document with the formal title "Constitution." These are usually the older foundations, and even here the document itself may closely resemble by-laws in form and content. We have included four examples, but one of these is the constitution of an association of foundations, not a foundation itself.

Russell Sage Foundation

CONSTITUTION

[This single document, as amended to February 3, 1955, serves for Russell Sage Foundation the purposes of both constitution and by-laws. Among its provisions are three-year terms for trustees and the requirement that the chief executive officer, called President, shall be a trustee.]

ARTICLE I

Purpose

The purpose of this Corporation shall be to receive and manage a fund or funds and to apply the income thereof, and at the discretion of its Trustees any portion of the principal thereof the expenditure of which is not restricted by the terms of gift, for the improvement of social and living conditions in the United States of America. It shall be within the purpose of the Corporation to use any means to that end which from time to time shall seem expedient to its Members or Trustees, including research, publication, education, the establishment and maintenance of charitable or benevolent activities, agencies and institutions, and the aid of any such activities, agencies, or institutions already established.

ARTICLE II

Office

The principal office of the Corporation shall be located in the City, County, and State of New York.

ARTICLE III

Members

Section 1. The members of the Corporation shall be the present members of the Board of Trustees of the Corporation and those persons who shall hereafter be elected members of such board. A Trustee who ceases to be a member of the Board of Trustees shall thereupon cease to be a member of the Corporation.

Section 2. An annual meeting of the members of the Corporation shall be held immediately preceding and at the place of each annual meeting of the Board of Trustees for the purpose of electing Trustees and transacting such other business as may properly come before the meeting.

Section 3. Special meetings of the members of the Corporation may be called at any time by either the Board of Trustees or the Chairman of the Board, and shall be called by the Chairman upon written request of any three members of the Corporation. Such request shall specify the date and purpose of the meeting.

Section 4. Written notice of the time, place, and purpose of the annual meeting and of all other meetings of the members of the Corporation shall be mailed by the Secretary to each member, addressed to him at his address as it appears on the records of the Corporation, not less than ten days and not more than forty days before the meeting.

Section 5. At all meetings of the members of the Corporation seven members present in person or by proxy shall constitute a quorum for the transaction of business, but a lesser number may adjourn the meeting to a time and place specified.

Section 6. At all meetings of the members of the Corporation each member may vote in person or by proxy.

ARTICLE IV

Board of Trustees

Section 1. The management of the Corporation shall be vested in a board of twelve trustees or directors, which shall be known, and hereinafter referred to, as the Board of Trustees.

Section 2. The members of the Board of Trustees shall be the present members of the Board and those persons hereafter elected to membership in the Board.

Section 3. There shall be three classes of members within the Board of Trustees, each class consisting of four members and having a term of office of three years or until their successors are elected. The terms of the three classes shall overlap in such a manner that the term of one class shall be due to expire at each annual meeting of the Corporation. At each annual meeting of the Corporation, members of the Board of Trustees shall be elected to replace the members of the class whose term of office expires at that time, and to fill any vacancy in another class which may then exist.

Section 4. Vacancies in the Board of Trustees may be filled for unexpired terms by the Board of Trustees at any meeting of the Board.

Section 5. Any Trustee may resign at any time by written notice to the Secretary of the Corporation.

Section 6. The Board of Trustees shall hold its meetings at such place or places as the Board may from time to time determine.

Section 7. An annual meeting of the Board of Trustees shall be held on the second Thursday of November each year, unless a different time is

fixed by the Board of Trustees. Other regular meetings shall be held on the second Thursday of February and May each year, unless a different time is fixed by the Board of Trustees or the Executive Committee. Special meetings may be called by the Chairman of the Board, or in his absence or inability to act by the Vice Chairman of the Board, and shall be called by such officer on the written request of three members of the Board.

Section 8. Written notice of the time and place of all meetings of the Board of Trustees shall be mailed by the Secretary to each Trustee at his address as it appears on the records of the Corporation, not less than one week before the meeting. Notices of special meetings shall state the purpose of the meeting.

Section 9. At the meetings of the Board of Trustees, four members shall constitute a quorum for the transaction of business, but a lesser number may adjourn the meeting to a time and place specified.

ARTICLE V

Officers

Section 1. The officers of the Corporation shall include a Chairman of the Board, a Vice Chairman of the Board, a President, a Treasurer, and a Secretary, who shall be elected by the Board of Trustees at its annual meeting each year. The Board of Trustees may elect or provide for the appointment of such other officers and agents as it may deem necessary and may prescribe their terms of office and duties.

Section 2. The Chairman of the Board, the Vice Chairman of the Board, and the President must be members of the Board of Trustees. Other officers may be such members. More than one office may be held by one person, except that the Chairman of the Board, the Vice Chairman of the Board, and the President may not hold the office of either the Treasurer or Secretary.

Section 3. The terms of the officers of the Corporation shall be one year or until their successors are elected, but any officer may be removed at any meeting of the Board of Trustees by an affirmative vote or written consent of a majority of all the members of the Board. The Board may at any meeting fill for the unexpired term any vacancy which occurs in any office of the Corporation.

Section 4. The Chairman of the Board shall preside at all meetings of the Corporation, the Board of Trustees, and the Executive Committee at which he is present, and shall exercise an advisory function in relation to the policies and activities of the Corporation. He shall be ex-officio a member of all standing committees and shall perform such other duties as may be required by this Constitution or by the Board of Trustees.

Section 5. In the event of a vacancy in the office of the Chairman of the Board, or during the absence or inability to act of the Chairman, the duties and powers of the Chairman shall devolve upon the Vice Chairman of the Board. The Vice Chairman of the Board shall be ex-officio a member of the Executive Committee.

Section 6. The President shall be the principal executive officer of the Corporation and shall be charged with the direction of the program of the Corporation and the management of the staff employed in carrying out the purpose of the Corporation, subject to the control of the Board of Trustees. The President shall be ex-officio a member of the Executive Committee.

Section 7. The Treasurer shall be charged with the custody of all papers and documents relating to the property of the Corporation, except such as are mentioned in Article VIII, and shall receive all the funds of the Corporation. He shall deposit all corporate funds in the corporate name in such bank or banks, trust company or trust companies, as the Board of Trustees shall designate or approve. Such funds shall be disbursed by such procedure as the Board of Trustees may by resolution from time to time prescribe. The Treasurer shall render to the Board of Trustees at least as of the end of each fiscal year an accurate account of his transactions as treasurer and of the financial condition of the Corporation.

Section 8. The Secretary shall give notice of, and shall keep a careful record of the proceedings of, all meetings of the Corporation, of the Board of Trustees, of the Executive Committee, and of the Finance Committee; and shall in general perform all the duties incident to the office of secretary, subject to the control of the Board of Trustees. The Secretary shall have the custody of the Corporate Seal, and shall affix the same upon all contracts and instruments requiring the seal.

ARTICLE VI

Executive Committee

Section 1. At each annual meeting of the Board of Trustees, the Board shall elect from its membership three or more members to constitute, with the Chairman of the Board, Vice Chairman of the Board, and President, an Executive Committee. The term of the elected members of the Executive Committee shall be one year or until their successors are elected. The Executive Committee may exercise all the powers of the Board of Trustees during the intervals between the meetings of the Board.

Section 2. The Executive Committee shall hold meetings when called by the Chairman of the Board or by two members of the Committee.

Notices of its meetings shall be mailed to the members of the Committee by the Secretary at least two days in advance of the meeting.

Section 3. At any meeting of the Executive Committee three members shall constitute a quorum for the transaction of business.

Section 4. The Executive Committee shall regularly report its proceedings to the Board of Trustees at subsequent meetings of the Board.

ARTICLE VII

Other Committees

Section 1. At each annual meeting of the Board of Trustees, the Board shall elect from its membership a Finance Committee of three or more members for a term of one year or until their successors are appointed. The Board shall designate the chairman of the Committee. It shall be the duty of the Finance Committee to determine the investment and reinvestment of the funds owned by or held by the Corporation, by such procedure as the Board of Trustees may by resolution from time to time prescribe. The Committee shall regularly report its proceedings to the Board of Trustees at subsequent meetings of the Board, including at each meeting the changes in the investment of funds effected since the last preceding meeting of the Board.

Section 2. At each annual meeting of the Board of Trustees, the Board shall elect from its membership an Auditing Committee of two members. It shall be the duty of the Auditing Committee to cause to be made, by a competent and independent firm of certified public accountants, to be selected by such Committee, following the close of each fiscal year, and oftener if ordered by the Board of Trustees, an audit of the balance sheet and the principal, income, reserve, and trust accounts of the Corporation.

Section 3. The Board of Trustees may elect or provide for the appointment of, and may prescribe the terms, duties, and procedures of, such other committees as it may deem advisable to advise or assist in the management, direction, and supervision of the activities of the Corporation, and may fill any vacancies which may occur in any committees of the Corporation.

ARTICLE VIII

Safekeeping of Securities

Section 1. All bonds, stocks and other invested securities and evidences of value owned or held by the Corporation, except as provided in the following section, shall be deposited for safekeeping with a bank or trust company approved by the Board of Trustees, to be held for the account of the Corporation and subject to the order of the Finance Committee

through such procedure as the Board of Trustees may by resolution from time to time prescribe.

Section 2. All bonds and stocks of real estate development corporations and mortgages owned or held by the Corporation may be deposited for safekeeping with the counsel or agent who with the approval of the Board of Trustees may be employed to service such property.

Section 3. All transfers and assignments of any securities registered or standing in the name of the Corporation shall be executed under its seal by the Chairman of the Board or President together with the Treasurer or Secretary.

ARTICLE IX

Purchase, Sale, Mortgage or Lease of Real Estate

Section 1. No purchase, sale, mortgage, or lease of the real property of the Corporation shall be made unless authorized by the affirmative vote of a majority of the whole number of the Board of Trustees.

Section 2. No sale or mortgage, other than a purchase money mortgage, of real property within the State of New York, or lease thereof for more than five years, shall be made without leave of the Supreme Court in a Judicial District in which some of the property is located.

Section 3. The provisions of the foregoing Sections 1 and 2 of this Article IX shall not apply to real property acquired on a sale in any action or proceeding for the foreclosure of a mortgage owned by this Corporation or to real property acquired by this Corporation by deed in lieu of foreclosure of a mortgage owned, either in whole or in part, whether in certificate form or otherwise, by this Corporation.

ARTICLE X

Fiscal Year

The fiscal year of the Corporation shall begin on October 1.

ARTICLE XI

Seal

The seal of the Corporation shall contain the following inscription: RUSSELL SAGE FOUNDATION FOR THE IMPROVEMENT OF SOCIAL AND LIVING CONDITIONS 1907. INASMUCH AS YE HAVE DONE IT UNTO ONE OF THE LEAST OF THESE MY BRETHREN YE HAVE DONE IT UNTO ME.

ARTICLE XII

Waiver of Notices

The giving of any notice required to be given by this Constitution, or by the Laws of the State of New York, may be waived by a waiver

in writing signed by all the persons entitled to such notice, whether before or after the time or event referred to in said notice, which waiver shall be deemed equivalent to such notice.

ARTICLE XIII

Amendment

This Constitution may be amended at any meeting of the Board of Trustees by an affirmative vote or the written assent of eight Trustees, provided the proposed amendment shall have been presented at the preceding regular meeting of the Board and a copy of the amendment as proposed shall have been mailed to each member of the Board at least three days before the meeting at which action thereon is to be taken.

Carnegie Corporation of New York

[The Carnegie Corporation is the largest of the Carnegie benefactions. Set up in 1911, its original Constitution provided ex officio trustee seats for each of the presidents of the chief Carnegie benefactions. It has been amended frequently, this reprinting representing its form as amended through May 17, 1956. Brief by-laws spell out some of the procedures in greater detail.]

CONSTITUTION

ARTICLE I

Trustees and Members of the Corporation

1. The property of this Corporation shall be held, and its business shall be managed and controlled, by a board of trustees not to exceed fifteen in number.

2. The board of trustees shall be constituted as follows:

The number of trustees shall be fifteen. Fourteen seats shall be known as term seats and one seat as an ex-officio seat. The ex-officio seat shall be occupied from time to time by the person who is the president of Carnegie Corporation of New York. The holders of the term seats shall be elected by the remaining trustees of the Corporation to serve for terms not to exceed five years as may be specified at the time of election. The duration of terms shall be so scheduled that the number of seats to be filled shall, so far as practicable, be equal in each succeeding year.

3. Any vacancy in the board of trustees may be filled by the votes of a majority of the remaining trustees. An election to fill such vacancy may be held at any annual meeting without special notice, or at a stated or special meeting provided written notice of such meeting and of the intention to conduct an election thereat shall have been personally served upon each member of the board or mailed to him at his usual address at least two weeks prior to such meeting.

4. Every person becoming a trustee shall be a member of the Corporation during his trusteeship.

ARTICLE II

Objects

1. This Corporation is established for the purpose of receiving and maintaining a fund or funds and applying the income thereof to pro-

mote the advancement and diffusion of knowledge and understanding among the people of the United States, by aiding technical schools, institutions of higher learning, libraries, scientific research, hero funds, useful publications, and by such other agencies and means as shall from time to time be found appropriate therefor.

2. This Corporation is also empowered to hold and administer any funds given to it for use in Canada or the British colonies for the same purposes in Canada, the British colonies or the British dominions as those to which it is by law authorized to apply its funds in the United States.

ARTICLE III

Quorum

1. Eight members of the board or of the Corporation shall constitute a quorum for the transaction of business.

2. Whenever at the time and place of a stated meeting of the board of trustees there are present at least six trustees, including three members of the executive committee, those present may in their discretion organize themselves as a meeting of the executive committee and act with full powers of the board on such matters as are set forth for consideration in the agenda distributed in advance of the proposed stated meeting. At such a meeting each trustee present shall have voting power.

ARTICLE IV

Officers

1. The officers of the Corporation shall include a chairman of the board, a president, a vice president, a secretary and a treasurer.

2. The chairman, and vice chairman if elected, must be members of the board of trustees.

3. The secretary and the treasurer may be members of the board of trustees, in the discretion of the trustees.

4. The chairman of the board shall be elected at each annual meeting, and the president, vice president, secretary, and treasurer shall be appointed by the board to hold office at the pleasure of the board.

5. Any two of these offices other than that of chairman and president may be held by the same person.

6. The board may appoint from time to time such other officers or agents as it may deem expedient and may authorize the president from time to time to make such appointments.

7. All appointed officers and agents shall hold office at the pleasure of the board, and may be removed from office by the board at any time.

8. The officers shall perform such duties as shall be assigned to them by the board of trustees, or prescribed in the constitution or bylaws of the Corporation.

9. The president shall be the chief executive officer of the Corporation. He shall be subject to the control and shall act in accordance with directions of the board and of the executive committee. He shall investigate all matters referred to him by the board and report thereon. He shall have power to make recommendations to the board on his own initiative.

10. The vice president shall assist the president in the administration of the affairs of the Corporation and shall exercise all the powers and perform all the duties of the president in the absence or incapacity of the president.

11. The secretary shall have charge of the records and corporate correspondence, and be custodian of the seal of the Corporation. He shall perform such other duties as may from time to time be assigned to him by the president, the executive committee, or the board; and he shall act as secretary of all committees unless otherwise provided.

The assistant secretary, if one be appointed, shall perform all the duties of the secretary in the absence or incapacity of the secretary.

12. The treasurer shall be responsible for the care and safekeeping of all funds and other property of the Corporation which shall come into his possession. He shall be responsible for the maintenance of the accounting records of the Corporation. He shall perform such other duties as may from time to time be assigned to him by the president, the executive committee, the finance committee, or the board; and he shall act as secretary of the finance committee.

The assistant treasurer, if one be appointed, shall perform all the duties of the treasurer in the absence or incapacity of the treasurer.

13. The officers of the Corporation shall receive such compensation as may be approved from time to time by the board of trustees or the executive committee.

ARTICLE V

Committees

1. There shall be an executive committee which shall consist of the president, and not more than six other members of the board, to be elected at the annual meeting of the Corporation.

A chairman of the executive committee shall be elected annually by the members of the executive committee from its membership.

During the intervals between the meetings of the board the executive committee shall exercise the powers of the board of trustees in the man-

agement and direction of the business and the conduct of the affairs of the Corporation. Four members of the executive committee shall constitute a quorum for transaction of the business of that committee.

2. There shall be a finance committee which shall consist of the president and not more than six other members of the board to be elected at the annual meeting of the Corporation. A chairman of the finance committee shall be elected annually by the members of the finance committee from its membership. The finance committee shall report to the executive committee or the board, and shall supervise the investment of the funds of the Corporation. It shall instruct the treasurer as to policy of investment and shall authorize specific purchases and sales of securities. Three members of the finance committee shall constitute a quorum for transaction of the business of that committee. The committee may act without a meeting by written assent of three members.

3. If the number of members signifying their intention to attend a meeting of a standing committee is one less than the required quorum, the chairman of the committee may appoint some one other member of the board to act as substitute for that meeting.

4. A vacancy occurring in a standing committee may be filled at any meeting of the board of trustees by the election of a member to serve until the following annual meeting.

ARTICLE VI

Seal

1. The seal of the Corporation shall have inscribed thereon the following words and figures: "Carnegie Corporation of New York, 1911."

ARTICLE VII

Amendment

1. This constitution may be amended at any meeting of the board of trustees by the affirmative vote or written assent of two-thirds of all the trustees, provided written notice of the proposal to amend shall have been served personally upon or mailed to the usual address of each member of the board at least two weeks prior to such meeting.

SOURCE: *Charter, Constitution and Bylaws*: July 1, 1956. Carnegie Corporation of New York, New York, 1956, pp. 6-11.

The American-Scandinavian Foundation

[The American-Scandinavian Foundation, established by Niels Poulson of Brooklyn in 1911, is devoted to the improvement of relations between the United States of America and the Scandinavian countries. Trustees are appointed for life; at least half of them must be of Scandinavian descent.]

CONSTITUTION

ARTICLE I

This corporation shall be known as THE AMERICAN-SCANDINAVIAN FOUNDATION.

ARTICLE II

The object of this Foundation shall be:

To receive by gift, bequest, devise, grant, purchase, lease, transfer or otherwise any real or personal property, to hold such property and to apply the income therefrom (or the principal if a donor shall so specifically direct) for the following purposes:

(1) To advance the intellectual relations of the United States of America with Denmark, Iceland, Norway, Sweden, and other Scandinavian countries.

(2) To strengthen the bonds between residents of Scandinavian descent in America.

(3) To act as an institution of higher learning in maintaining an interchange of students, teachers and lecturers, publications, art, music, and science between the United States and the Scandinavian countries.

(4) To advance Scandinavian culture in America and American culture in Scandinavian countries in such ways and by such means as may from time to time seem wise, in the judgment of the Board of Trustees.

ARTICLE III

Section 1. All property received by the Foundation and the business of the Foundation shall be managed by a Board of Trustees, which Board shall consist of the persons named in the first section of the act incorporating the Foundation. (Laws of the State of New York, 1911, Chapter 15.)

Section 2. Said Trustees and their successors shall serve for life, except in case of incapacity or resignation, and except also that any trustee may be removed from office by the affirmative vote of two-thirds of the whole Board of Trustees voting in person or by proxy at any regular or special meeting, provided notice shall have been properly mailed to each trustee at least fifteen days before the date of said meeting that a resolution will be offered for the removal of said trustee.

Section 3. In case of a vacancy in the Board of Trustees by reason of death, resignation, incapacity or removal, such vacancy or vacancies shall be filled by the remaining Trustees at any regular or special meeting by a vote of two-thirds of the whole Board of Trustees voting in person or by proxy at said meeting. At least half the members of the Board shall, however, always be of Scandinavian descent; among these, so far as it can be reasonably arranged, Denmark, Norway, and Sweden shall each have equal representation. No Trustee shall be elected without notice of his nomination having been sent by the Secretary to each member of the Board at least fifteen days before the time of election.

Section 4. At all meetings of the Foundation one-third of the whole Board of Trustees, present in person or by proxy, shall be necessary to constitute a quorum.

Section 5. The Chairman of the Board, the President, Vice-Presidents, Treasurer and Secretary shall be chosen by the Board of Trustees at the annual meeting of the Board to be held each year at such time and place as the by-laws may provide. The offices of President and Secretary may be held by one person, who may also be a member of the Board. The Board may also elect an Assistant Treasurer, and Assistant Secretary, and such other executive or administrative officers as may from time to time be deemed necessary by the Board.

Section 6. The Trustees shall have the power to increase the number of trustees, and to elect such additional trustees as they may deem wise, provided that not less than one-half of all the trustees shall be of Scandinavian descent. Said additional trustee or trustees shall be elected at any regular or special meeting by a vote of two-thirds of the whole Board of Trustees voting in person or by proxy at said meeting.

ARTICLE IV

The funds of the Foundation shall be invested in such securities as are authorized at the time of the investment by the laws of the State of New York for the investment of trust funds, and in any other securities, including common and preferred stock, approved by the Finance Committee over the signatures of at least two members of that Committee. Only the income from property held by the Foundation shall be applied

to the uses and purposes of the Foundation, unless it be specifically stipulated to the contrary by the benefactor.

ARTICLE V

The services of the Trustees of the Foundation, acting as Trustees, shall be gratuitous, but the Board of Trustees may provide for the reasonable expenses incurred by Trustees in the performance of their duties, and may fix such salaries as they deem proper for the services of the Secretary or President-Secretary and such employees as they consider necessary for the proper management and conduct of the affairs of the Foundation.

ARTICLE VI

The Foundation shall have power to adopt by-laws not inconsistent with the provisions of this constitution and the laws of the State of New York.

ARTICLE VII

This Constitution may be amended at any regular or special meeting of the Trustees by a two-thirds vote of the whole Board of Trustees, present in person or by proxy, provided notice shall have been properly mailed to each member of the Board of Trustees at least fifteen days before the date of said meeting, which notice shall contain a copy of the proposed amendment and a statement of the object to be accomplished by the proposed change. Any member of the Board of Trustees may propose an amendment to this Constitution by forwarding the same to the Secretary of the Board, who shall mail the same to each member of the Board of Trustees.

SOURCE: *The American-Scandinavian Foundation: Charter, Constitution, and By-Laws (as Amended to November 3, 1945)*. The Foundation, New York, undated, pp. 5-7.

Conference of Southwest Foundations

[This is the only constitution of a regional association of foundations known to exist. It includes a provision against a director serving more than two successive terms. The Conference is not incorporated.]

CONSTITUTION

(REVISED)

PREAMBLE

IN FURTHERANCE OF THE MAINTENANCE AND PROMOTION OF ETHICAL CONDUCT AND WISE ADMINISTRATION OF FOUNDATIONS, TRUSTS, AND TAX EXEMPT FUNDS THROUGH THE GATHERING OF INFORMATION ABOUT PHILANTHROPIC TRENDS, ORGANIZATIONS AND NEEDS IN THE SOUTHWEST, THE DISSEMINATION OF KNOWLEDGE, EXCHANGE OF INFORMATION, IDEAS AND PROCEDURES OF MUTUAL INTEREST AMONG ITS MEMBERSHIP, THIS ORGANIZATION IS FORMED.

ARTICLE I

Name

The name of the organization shall be CONFERENCE OF SOUTHWEST FOUNDATIONS.

ARTICLE II

Membership

The members of this Conference shall consist of all bonafide tax exempt Foundations and Trusts which have agreed to comply with local, state and national laws, rules and regulations applying to their operations and which further agree to comply with the provisions of this Constitution and the By-Laws of this Conference; and which have actively associated themselves with the Conference prior to the date of this instrument; together with such other bonafide tax exempt Foundations and Trusts meeting the above conditions as may be elected to active membership. Any corporation formed under national or state law which is granted the right to act in a fiduciary capacity by statutory or charter provisions may be elected an associate member of the Conference.

New members shall be elected by ballot, either at the Annual Meeting or at any special meeting called for that purpose, by a majority of the members of the Conference attending such meeting; provided,

however, that Foundations and Trusts applying for membership to be voted upon, shall be listed in the call of the Annual or Special Meeting and shall have been approved by The Membership Committee prior to being listed in the call of the meeting. Any member may withdraw from the Conference by a notice in writing to the President or Secretary-Treasurer, such withdrawal to be effective upon the date of receipt of such notice by the President or Secretary-Treasurer.

ARTICLE III

Meetings

There shall be an Annual Meeting of the Conference which shall be held in April of each year, the date to be determined by the Board of Directors. Written notice of the meeting shall be given to the membership by the Secretary-Treasurer at least 30 days prior to the date set for the meeting. The Chairman of the Board of Directors, the President, or any five members of the Board may call a special meeting of the Conference by not less than ten days written notice to the membership given by the Chairman of the Board, the President, or the members calling the special meeting.

ARTICLE IV

Voting Privileges

Only active member organizations which have paid all current dues shall vote in the affairs of the Conference. Each such organization shall be entitled to one vote which may be cast by any individual properly designated by the organization as its official representative.

Prior to any election or other occasion requiring a vote of the membership, each active member organization shall inform the Secretary-Treasurer of the name of the individual authorized to cast its vote in such election and only such individual or an authorized substitute therefor may vote.

ARTICLE V

Quorum

One-third of the members of the Conference shall constitute a quorum for the transaction of business at the Conference. In the absence of a quorum at any meeting the members present may adjourn from time to time, without giving notice, until a quorum is present.

ARTICLE VI

Board of Directors

The property affairs and business of the Conference shall be managed by a Board of Directors.

At the Annual Meeting, the Directors shall present a report, verified by the President and Secretary-Treasurer, or by a majority of the Directors, showing the condition of the Treasury at the beginning and end of the last fiscal year together with a statement of acquisitions and disbursements during the year immediately preceding such date; the names and places of residence of the organizations which have been admitted to the Conference during the past year; and a report of the activities of the Board of Trustees during the past year. All such reports shall be filed with the records of the Conference and an abstract thereof entered in the minutes of the proceedings of the Annual Meeting.

The Board of Directors shall be composed of nine individuals, each of whom shall serve for a period of three years and who shall be elected by a majority of those member organizations present at each Annual Meeting.

The Directors shall be elected from among individuals holding the position of board member, trustee, official, or executive of active member organizations in the Conference. The termination of the Conference membership of the organization with which the Director is associated shall disqualify the Director from continuing to further act as a Director and shall constitute his removal from the office of Director. Whenever a vacancy shall be created by death, resignation, or removal, a Director meeting the qualifications herein stated shall be appointed by the remaining Directors. Such appointee shall hold office until the next Annual Meeting of the Conference, at which time the members of the Conference shall elect a Director to fill the vacancy for the unexpired term. If any members of the Board of Directors shall be absent from two consecutive annual meetings, and such absence is unexcused, the absences shall constitute a resignation of membership from the Board of Directors, and the vacancy so caused shall be filled as herein provided.

One-third of the membership of the Board of Directors shall be elected annually; provided, however, that in the first election of the membership of the Board of Directors the nine individuals elected shall draw for terms of office, three three-year terms, three two-year terms and three one-year terms. Nothing herein shall prevent a Director from being re-elected to succeed himself, but he may not hold office for more than two consecutive terms.

The Board of Directors shall hold an Annual Meeting, and at that meeting a Chairman shall be elected from those present, from their own members, to serve for the period of one year or until such time as a successor shall be duly chosen. The Chairman of the Board of Directors, the President, or any five members of the Board may call a meeting of the Board of Directors by not less than five days written notice to the members of the Board, given by the Chairman of the Board, the President, or the members calling the meeting.

One-third of the members of the Board of Directors shall constitute a quorum for the transaction of business at meetings of the Board of Directors.

ARTICLE VII

Officers

At the Annual Meeting of the Conference, or at any meeting called for the purpose, a majority of the member organizations present shall elect by ballot the following officers: a President, Vice President, a Secretary-Treasurer (each of whom shall be individuals holding the position of board member, trustee, official or executive of an active member organization) and such other officers as it may from time to time determine. All officers shall be elected for a period of one year or until their respective successors shall have been elected or appointed and shall have qualified. They shall receive such salaries as the Board of Directors may by resolution provide. The Board of Directors is authorized to fill, for the balance of any unexpired term, any vacancy created in any of the offices of President, Vice President, Secretary-Treasurer and such other offices as may have been created.

ARTICLE VIII

President

The President shall be the Chief Executive Officer of the Conference and shall be responsible for the administration of its affairs subject to such rules and controls as the Board of Directors may establish.

ARTICLE IX

Vice President

The Vice President shall perform general administrative functions under the directions of the President, and shall preside over meetings upon all occasions of the President's absence.

ARTICLE X

Secretary-Treasurer

The Secretary-Treasurer in addition to duties hereinafter specified shall perform general administrative functions under the direction of the President.

The Secretary-Treasurer shall prepare, under the direction of the President and Directors, dockets of business and shall take and keep true minutes of the meetings of the Conference and of the Board of Directors. Immediately upon election to membership of new members the Secretary-Treasurer shall give notice to them in writing of their

election. In the event the Conference should secure a State Charter, the Secretary-Treasurer shall have the custody of the corporate seal. The Secretary-Treasurer shall serve on all Standing Committees and keep the minutes thereof.

The Secretary-Treasurer shall have the custody of the funds of the Conference and shall also have charge of the disbursement of its money. The Secretary-Treasurer shall deposit the funds of the Conference in such depositories as may, from time to time, be designated by the Board of Directors.

ARTICLE XI

Committees

Membership Committees

There shall be a membership committee composed of not less than three nor more than five individuals selected from persons holding the position of board member, trustee, official, or executive of active member organizations in the Conference. Such membership committee shall, after receiving and carefully investigating all applications for membership, file with the Secretary-Treasurer their recommendations concerning the eligibility of the applicants in terms of the purposes of the Conference, together with a report of the purpose and activities of each applicant, all of which shall be available to the Conference membership prior to the election of such applicants.

General Committees

The Board of Directors may by resolution provide for such other committees with such delegated powers and duties as shall be termed by them to be necessary.

ARTICLE XII

Fiscal Year

The fiscal year of the Conference shall commence on the 1st day of April in each year and end on the following 31st day of March.

ARTICLE XIII

By-Laws

The members of the Conference may adopt such By-Laws and such amendments thereto as may be deemed necessary provided that the By-Laws shall be in conformity with this Constitution, and all officers, committees and members of the Conference shall be governed and controlled by the Constitution and By-Laws.

ARTICLE XIV

Notices

All notices required by this Constitution or By-Laws adopted by the Conference or otherwise, shall be in writing and shall be mailed by the Secretary-Treasurer to the members of the Conference or of the Board of Directors, or of any Committee or Committees as the case may be, at their addresses as entered in the office of the Conference or shall be delivered personally to them.

ARTICLE XV

Amendments

This Constitution and any By-Laws adopted by the Conference may be altered or amended at any duly called meeting of the Conference by a two-thirds vote of the active members of the Conference present at such meeting, provided that written notice shall have been sent to every member of the Conference at least ten days in advance of the date of the meeting, stating specifically the proposed amendment or amendments.

SOURCE: *Constitution and By-Laws*. Conference of Southwest Foundations, San Antonio, 1957, pp. 1-6, unfolioed.

CHAPTER 8

By-Laws

THE BY-LAWS regulate both an organization's internal affairs and its dealings with others. The by-laws should cover at least such subjects as membership in the corporation; number, election, term of office, and general powers of trustees; dates and procedures for regular and special meetings, quorums, voting by proxy; officers, their election, terms, and duties; executive and other special committees; how the organization's finances shall be handled; and a provision for amendment of the by-laws.

The laws of a particular state may make special provisions necessary; for example, in New York State special regulations concerning the sale or mortgage of real property are required. The foundation may wish to formalize a policy in the by-laws; for example, The Rockefeller Foundation has added a by-law requiring appointment of a special committee, at intervals of not more than five years, to review and appraise the implementation of the Foundation's policies.

Trustees and staff must live with the provisions of the by-laws on a day-by-day basis. It is of the utmost importance that they be drawn carefully; but even with the utmost skill in draftsmanship, they may need frequent amendment to meet developing needs of a going organization.

Because of the importance of these documents, a wide sampling of by-laws has been presented, usually in the latest revision available.

The Rockefeller Foundation

[These by-laws, as amended to April 6, 1955, are the result of long experience on the part of one of the largest and oldest of the foundations. Included are provisions for withdrawal from a meeting where a project is discussed in which a trustee has official connection, rigid retirement regulations, provision for periodic review of policies, and a spelling out of executive committee powers.]

BY-LAWS

MEMBERS AND TRUSTEES

Section 1. The members of the corporation and the trustees by whom its business and affairs shall be managed shall be twenty-one in number and shall consist of the successors of the persons named in the agreement for consolidation of The Rockefeller Foundation and The Laura Spelman Rockefeller Memorial, dated January 3, 1929, as directors and trustees until the first annual meeting. The trustees of the corporation shall be at all times the same persons as its members.

Section 2. The members and trustees shall be divided into three classes of seven members each, with the term of one class ending at the conclusion of the annual meeting of the members of the corporation each year. At each annual meeting the successors to the class whose term then ends shall be elected for a term of three years and until their successors have been elected and have qualified.

Section 3. No salaried officer of the corporation other than the president shall be eligible to serve as a member and trustee.

Section 4. No person shall be eligible for election or re-election as a member and trustee after the June 30th following his 65th birthday, or on which his 65th birthday falls.

Section 5. Every member and trustee shall retire on the June 30th following his 65th birthday, or on which his 65th birthday falls.

Section 6. Any member and trustee may resign by notice in writing to the president.

Section 7. The unexcused absence of a trustee from two consecutive stated meetings of the board shall be deemed to be a resignation of his place as a member and trustee, effective at the pleasure of the board, and the board may by resolution accept the resignation and fix its effective date.

Section 8. A vacancy in the place of a member and trustee may be filled at any meeting of the members of the corporation or of the board of trustees. At any annual meeting of the members of the corporation an anticipated vacancy resulting from the retirement of a member and trustee on the ensuing June 30th also may be filled. A member and trustee elected to fill a vacancy shall serve for the remainder of the term of the class in which the vacancy existed, and until his successor has been elected and has qualified.

Section 9. The votes of a majority of the duly elected members or trustees of the corporation shall be necessary to elect a member and trustee. The election shall be by ballot.

MEETINGS

Section 10. The annual meeting of the members of the corporation shall be held on the first Wednesday in April. Stated meetings of the board of trustees shall be held on the first Wednesday in April (following the annual meeting of members) and on the first Wednesday in December. The secretary shall give to each member of the corporation not less than ten days' written notice of the time and place of the annual meeting and to each trustee not less than ten days' written notice of the time and place of each stated meeting of the board.

Section 11. A special meeting of the members of the corporation or of the board of trustees may be called by the chairman of the board of trustees, the president, or any three of the members or trustees, on not less than ten days' written notice of the time and place of the meeting, issued by the secretary.

Section 12. All meetings of the members of the corporation and of the board of trustees shall be held at such time and place in the State of New York or elsewhere as shall be determined by the board of trustees or the executive committee, or, in the absence of such determination, by the chairman of the board; provided, however, that special meetings of the members of the corporation shall be held in the State of New York.

Section 13. A member of the corporation may by writing or telegram appoint another member to act as his proxy at any specified meeting of the members of the corporation.

Section 14. At the annual meeting of the members of the corporation the trustees shall present a report, verified by the president and treasurer or by a majority of the trustees, showing the whole amount of real and personal property owned by the corporation, where located, and where and how invested; the amount and nature of the property acquired during the year immediately preceding the date of the report, and the manner of acquisition; the amount applied, appropriated, or expended during the year immediately preceding such date, and the purposes,

objects, or persons to and for which such applications, appropriations, or expenditures have been made; and the names and places of residence of the persons who have been admitted to membership in the corporation during such year, which report shall be filed with the records of the corporation and an abstract thereof entered in the minutes of the proceedings of the annual meeting.

Section 15. Eleven members of the corporation, present in person or by proxy, shall constitute a quorum for the transaction of business at meetings of members of the corporation.

Section 16. Eleven trustees, present in person, shall constitute a quorum for the transaction of business at meetings of the board of trustees.

Section 17. In the absence of a quorum at the time and place set for a meeting of the members of the corporation or of the board of trustees, those present may adjourn the meeting from time to time until a quorum is present.

Section 18. During the consideration of a proposed appropriation by the board of trustees or a committee thereof, any trustee who is officially connected with the prospective beneficiary shall withdraw from the meeting until the vote has been taken; but his withdrawal shall not be deemed to affect the existence of a quorum.

OFFICERS

Section 19. The officers of the corporation shall be a chairman of the board of trustees, a president (both of whom shall be or become members and trustees of the corporation), not more than three vice-presidents, one or more directors, a secretary, a treasurer, and a comptroller, all of whom shall be elected by the board of trustees by ballot; and such associate directors, assistant directors, assistant secretaries, assistant treasurers, assistant comptrollers and other officers as the board of trustees may by resolution appoint.

Section 20. The annual election of officers shall take place at the stated meeting of the board of trustees in April of each year, or, in the absence of election at that meeting, at a subsequent meeting of the board. Any particular office, or offices, however, may be filled in advance of the annual election by an election at the stated meeting of the board of trustees in the preceding December, or at any subsequent meeting, the officer or officers so elected to take office either at the conclusion of the ensuing annual election or at such other time as the board may determine, but not more than seven months after such election. The appointment of officers by resolution may take place at any meeting of the board of trustees.

Section 21. All officers shall hold office at the pleasure of the board of trustees or until their respective successors have been elected or appointed and have qualified.

Section 22. No person, if a man, shall be eligible for election or reelection, or for appointment or reappointment, as an officer of the corporation after the June 30th following his 65th birthday, or on which his 65th birthday falls; or, if a woman, after the June 30th following her 60th birthday, or on which her 60th birthday falls.

Section 23. Every officer of the corporation shall retire, if a man, on the June 30th following his 65th birthday, or on which his 65th birthday falls; and, if a woman, on the June 30th following her 60th birthday, or on which her 60th birthday falls.

Section 24. A vacancy in any office may be filled by the board of trustees, or, except for the chairman of the board of trustees and the president, by the executive committee, at any meeting. An anticipated vacancy in any office resulting from the retirement of an officer pursuant to Section 23, may be filled by the board of trustees at the stated meeting in December prior to the date of such retirement or at any subsequent meeting or, except for the chairman of the board of trustees and the president, by the executive committee at any meeting subsequent to such stated meeting of the board of trustees in December.

Section 25. Officers shall receive such compensation as the board of trustees or the executive committee may by resolution provide.

CHAIRMAN OF THE BOARD OF TRUSTEES

Section 26. The chairman of the board of trustees shall have an advisory relation to the work and policies of the corporation. He shall preside at all meetings of the members of the corporation and of the board of trustees at which he is present. In his absence the members present shall appoint one of their own number to preside. He shall be given notice of, and shall have the right to attend and vote at, all committee meetings, but, unless he has been designated as a regular member of a committee, he shall be under no obligation to attend its meetings and shall not be counted to determine the number necessary to make a quorum or to determine whether or not a quorum is present.

PRESIDENT

Section 27. The president shall be the chief executive officer of the corporation, responsible to the board of trustees for the administration of its business and affairs. He shall nominate to the board of trustees candidates for all elective and appointive offices except those of chairman of the board of trustees, president, treasurer, and comptroller. Except as otherwise provided in these by-laws or ordered by the board

of trustees, he shall sign for the corporation all deeds, agreements, and other formal instruments, shall appoint all committees and shall be given notice of, and shall have the right to attend and vote at, all committee meetings, but, unless he is designated by these by-laws or by the board of trustees or the executive committee as a regular member of the committee, he shall be under no obligation to attend such meetings and shall not be counted to determine the number necessary to make a quorum or to determine whether or not a quorum is present.

VICE-PRESIDENTS

Section 28. In the absence or disability of the president, a vice-president or other officer designated by the board of trustees or the executive committee, shall have the powers and duties of the president. The vice-president or vice-presidents shall also have general administrative duties under the direction of the president and such other duties as may be assigned to them by the board of trustees or the executive committee.

DIRECTORS

Section 29. Each director shall have primary responsibility, subject to the general oversight of the president and (if the board of trustees so provides) a vice-president, for an administrative division or a given field of work and shall formulate proposals relating to that division or field for recommendation to the trustees. He shall perform such other duties as may be assigned to him by the board of trustees or the president.

Section 30. The president may designate an associate or assistant director who shall discharge the duties of the director in the latter's absence.

SECRETARY

Section 31. The secretary shall give notice, as provided in these by-laws, of all meetings of members of the corporation, the board of trustees and the executive committee, shall prepare, under the direction of the president, dockets of the business to be transacted at these meetings and shall keep the minutes of these meetings. He shall give each member and trustee prompt notice of his election. He shall have custody of the corporate seal. He also shall perform administrative duties under the general direction of the president. In the absence or disability of the secretary, his duties shall be performed by an assistant secretary designated by the president.

TREASURER AND ASSISTANT TREASURER

Section 32. The treasurer, subject to these by-laws and the regulations of the board of trustees and the executive committee, shall have custody

of the funds and securities of the corporation and shall be responsible for the disbursement of its money.

Section 33. The treasurer shall deposit the funds of the corporation in such banks or trust companies as may be designated by the board of trustees or the executive committee. Funds so deposited shall be payable only upon checks signed by both the treasurer and an assistant treasurer, or by one of them and the president or an officer or member and trustee of the corporation designated by the board of trustees or the executive committee for such purpose.

Section 34. No indebtedness shall be incurred and no payment of any kind shall be made except pursuant to a resolution of the board of trustees, the executive committee, or the finance committee.

Section 35. The treasurer shall issue checks only on receipt of properly authorized vouchers, which shall be certified by the comptroller or an assistant comptroller as calling for payments which are properly authorized, are due and payable in the amounts stated, and are not in excess of the funds available for the purpose; provided, however, that checks may be issued on resolutions of the finance committee for the purchase of securities without supporting vouchers.

Section 36. The treasurer shall deposit the securities of the corporation in such deposit vaults or with such banks or trust companies as may be designated by the board of trustees or the executive committee. They may be withdrawn only by the treasurer or an assistant treasurer accompanied by the comptroller or by such representative of the comptroller as may be designated by the board of trustees or the executive committee for such purpose. In case neither the treasurer nor any assistant treasurer is available, the board of trustees or the executive committee may by resolution name a person to act in place of the treasurer for such purpose. The board of trustees or the executive committee may by resolution authorize any two members and trustees of the corporation to have access to the securities for the purpose of audit or for any other purpose specified in the resolution.

Section 37. The treasurer shall keep proper books of account, and other books showing at all times the character, value, and amount of the property and funds of the corporation, and such books shall be at all times open to the inspection of the members and trustees of the corporation.

Section 38. At each annual meeting of the members of the corporation the treasurer shall make a report of the accounts for the past fiscal year. At each stated meeting of the board of trustees he shall present a recent balance sheet and an account showing in detail the receipts and disbursements of the corporation since his last report.

Section 39. The accounts of the treasurer shall be audited annually by an auditor or auditors not connected with the corporation, who shall be chosen by an auditing committee which shall be appointed annually by the board of trustees.

Section 40. The treasurer shall serve as secretary and keep the minutes and other records of the finance committee.

Section 41. The treasurer and each assistant treasurer shall be bonded for the faithful performance of his duties in such sum as may be fixed by the board of trustees or the executive committee. The expense of such bonds shall be paid by the corporation.

COMPTROLLER

Section 42. The comptroller shall keep proper records of all appropriations, budgets, and other authorizations of expenditure and shall maintain duly itemized and classified accounts of expenditures made in pursuance thereof. He shall also keep a duplicate record of the securities and other evidences of property belonging to the corporation as recorded in the office of the treasurer. The comptroller's accounts shall be audited annually by the auditor or auditors appointed pursuant to Section 39. In the absence or disability of the comptroller his duties shall be performed by an assistant comptroller designated by the president.

OTHER OFFICERS

Section 43. Any officer whose powers and duties are not described in these by-laws shall have such powers and duties as the board of trustees or the president shall determine.

EXECUTIVE COMMITTEE

Section 44. There shall be an executive committee, the regular members of which shall consist of the president and six other members of the board of trustees, who shall be elected by the board at its stated meeting in April of each year to serve until the stated meeting in the following April. The board of trustees may at the same time elect for the same term two members of the board to serve as alternate members of the executive committee, who shall act on the call of the president or the secretary in the absence of a regular member and shall have while so acting all of the powers and duties of a regular member. A vacancy in the regular or alternate members of the executive committee may be filled by the board of trustees at any meeting, or by the executive committee itself.

Section 45. Except as otherwise provided in these by-laws the executive committee, between meetings of the board of trustees, shall have all the powers and duties of the board. The committee shall not have

power to elect a member and trustee, to alter fundamental policies of the board, to make appropriations which are not in accordance with the general policies approved by the board, to increase by more than \$500,000 an obligation or appropriation authorized by the board for any single specific purpose, to initiate an appropriation of more than \$500,000 for any single specific purpose, or to make appropriations of more than \$5,000,000 between any two meetings of the board, unless the board has authorized the appropriation of a larger sum.

Section 46. Four members, regular or alternate, of the executive committee, present in person, shall constitute a quorum for the transaction of business at meetings of the committee. The president of the corporation shall be the chairman of the committee unless he wishes it otherwise, when the committee shall elect its own chairman. Except as otherwise provided in these by-laws, the committee may adopt rules to govern its procedure.

Section 47. After each meeting of the executive committee, a written summary of the actions taken thereat shall be sent to each member and trustee of the corporation. At each stated meeting of the board of trustees, the executive committee shall present a written report of its actions since the preceding stated meeting.

FINANCE COMMITTEE

Section 48. There shall be a finance committee, the regular members of which shall consist of three members of the board of trustees, who shall be elected by the board at its stated meeting in April of each year to serve until the stated meeting in the following April. The board of trustees may at the same time elect for the same term two members of the board to serve as alternate members of the finance committee, who shall act on the call of the president or of the chairman or secretary of the finance committee in case of the absence or unavailability of a regular member and shall have while so acting all of the powers and duties of a regular member. A vacancy in the regular or alternate members of the finance committee may be filled by the board of trustees at any meeting, or by the executive committee.

Section 49. The finance committee shall have power:

- to make and to change investments, and to sell any part of the securities of the corporation or any rights or privileges appurtenant thereto;
- to participate in the reorganization of any corporation, and to deposit any securities held by this corporation with such protective or reorganization committee and on such terms as the finance committee may determine;
- to authorize one or more officers of the corporation or other persons to execute and deliver in behalf of the corporation, or to rescind, proxies to vote on stock owned by the corporation.

Section 50. Meetings of the finance committee shall be held on the call of any one of its regular members, but between meetings the committee may act by the concurrent vote of any two of its regular and alternate members, taken by telephone or otherwise; provided, however, that whenever reasonably practicable all regular members of the committee shall be consulted in regard to the making or changing of investments.

Section 51. The chairman of the finance committee shall be appointed by the board of trustees, and except as otherwise provided in these by-laws the committee may adopt rules to govern its procedure.

Section 52. The treasurer shall keep minutes of the actions of the finance committee, including actions taken between meetings as provided in Section 50, shall promptly send copies of such minutes to all members of the committee, regular and alternate, and at each stated meeting of the board of trustees the committee shall present a written report of its actions since the preceding stated meeting.

Section 53. Appropriate forms for the transfer and assignment of stocks or other securities registered in the name of the corporation may be executed, under the seal of the corporation or otherwise, by any two of the following, namely: regular and alternate members of the finance committee, the president, the treasurer, and any assistant treasurer. A corporation or person transferring any such stocks or other securities pursuant to a form of transfer or assignment so executed shall be fully protected and need not inquire whether the transfer was authorized by the finance committee.

NOMINATING COMMITTEE

Section 54. There shall be a nominating committee consisting of three members of the board of trustees, who shall be elected by the board at its stated meeting in April of each year to serve until the stated meeting in the following April. A vacancy in the committee may be filled by the board of trustees at any meeting, or by the executive committee. The president shall not be entitled to notice of meetings of this committee, or to attend and vote thereat.

Section 55. The nominating committee, without previous consultation with its nominees, shall make recommendations at the stated meeting of the board of trustees in December regarding members and trustees to be elected at the next annual meeting of the members of the corporation, either in regular course or to fill an existing or anticipated vacancy; and may make recommendations at any other meeting of the members of the corporation or of the board of trustees regarding members and trustees to be elected to fill vacancies. The committee shall take such further

action in regard to its recommendations as the members of the corporation or the board of trustees shall direct. Nothing herein shall be deemed to prevent the election of a nominee as member and trustee at the meeting at which his name is first recommended by the nominating committee.

Section 56. The nominating committee shall make recommendations at the stated meeting of the board of trustees in April regarding officers whose nomination is not otherwise provided for in these by-laws and regarding members of committees to be elected at that meeting. The nominating committee may also make recommendations to the board of trustees at any meeting or to the executive committee regarding candidates for vacancies in any such offices or committees, or for anticipated vacancies therein resulting from retirements for age. The nominating committee shall also perform such other duties in connection with personnel recommendations as may be assigned to it by the board of trustees.

Section 57. The chairman of the nominating committee shall be appointed by the board of trustees, and except as otherwise provided in these by-laws the committee may adopt rules to govern its procedure.

OTHER COMMITTEES

Section 58. The members of the corporation or the board of trustees may establish additional committees and determine their powers and duties.

DIRECTION

Section 59. The board of trustees may create administrative divisions to conduct programs of work under the supervision of a designated officer, or may commit to designated officers the administration of programs in other fields of work. An advisory committee to assist in the conduct of the program of any division or in any field of work may be appointed, on the nomination of the president, by the board of trustees at any meeting or by the executive committee, to serve until the stated meeting of the board of trustees in the April following such appointment.

PERIODICAL APPRAISAL

Section 60. From time to time, at intervals of not more than five years, the board of trustees shall appoint a special committee to review and appraise the implementation of the Foundation's policies during the preceding five years and to report its findings and recommendations to the board. The first of such committees shall be appointed not later than the stated meeting of the board in April, 1957.

FISCAL YEAR

Section 61. The fiscal year of the corporation shall commence on the first day of January in each year and end with the following 31st day of December.

NOTICES

Section 62. All notices required by the by-laws shall be in writing and shall be mailed by the secretary to the members of the corporation, or of the board of trustees, or of any committee, as the case may be, at their addresses as entered in the office of the corporation, or shall be delivered personally to them. A notice shall be unnecessary if it is waived in writing.

AMENDMENTS

Section 63. These by-laws may be amended at any meeting of the members of the corporation or of the board of trustees by a vote of not less than fourteen of the members or trustees, provided that written notice has been sent to every member or trustee at least ten days in advance of the date of meeting, stating the text of the proposed amendment or amendments.

SOURCE: *The Rockefeller Foundation: Charter and By-Laws*. The Foundation, New York, 1955, pp. 19-36.

Shell Companies Foundation, Incorporated

[These are the by-laws of a foundation established by a corporation. The "members" of the corporation may be individuals, corporations, joint stock associations, unincorporated associations, or partnerships, but the organization is managed and controlled by a Board of Directors elected annually by these members.]

BY-LAWS

ARTICLE I

Offices

The principal office of the Corporation shall be in the City of New York, County of New York, State of New York, and it may also have offices at such other places, within or without the State of New York, as the Board of Directors may from time to time appoint or its business may require.

ARTICLE II

Members

Section 1. MEMBERSHIP. The Members of the Corporation shall consist of each person who signed its Certificate of Incorporation and such other individuals, corporations, joint stock associations, unincorporated associations or partnerships, as shall be elected to membership pursuant to these By-Laws, each to serve until his or its membership shall terminate by death, resignation or removal as hereinafter provided.

Section 2. ELECTION OF MEMBERS. Any individual, corporation, joint stock association, unincorporated association or partnership shall become a Member of the Corporation by affirmative vote of two-thirds of all those who are Members at the time.

Section 3. VOTING RIGHTS. At every meeting of the Members of this Corporation each Member shall be entitled to one vote. Members may vote in person or by proxy.

Section 4. RESIGNATION AND REMOVAL OF MEMBERS. Any Member may resign at any time by giving written notice to the Secretary of the Corporation or to the Board of Directors. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any

Member may be removed from membership at any time with or without cause by affirmative vote of two-thirds of all Members.

ARTICLE III

Meetings of Members

Section 1. ANNUAL MEETING. An annual meeting of the Members shall be held at 11 o'clock in the forenoon on the 16th day of March in each year beginning with the year 1954, unless such day shall be a legal holiday, in which event the meeting shall be held on the next succeeding business day, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members called as soon thereafter as conveniently may be. At such meeting, the Members may elect Directors and transact other business with the same force and effect as at an annual meeting duly called and held.

Section 2. SPECIAL MEETINGS. Special meetings of the Members for any purpose or purposes may be called by the President or in his absence by the Secretary and shall be called by the President or in his absence, by the Secretary, at the request in writing of a majority of the Board of Directors, or at the request in writing of not less than one-third of the Members. Such request shall state the purpose or purposes of the proposed meeting.

Section 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of New York, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Corporation in the State of New York, provided, however, that if all of the Members shall meet at any time and place, either within or without the State of New York, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of any meeting of Members shall be delivered personally or sent by mail or telegram to each Member at his address as shown by the records of the Corporation, not less than ten nor more than forty days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these By-Laws, the purpose for which the meeting is called shall be

stated in the notice. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Corporation, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. No notice of the time, place, or purposes of any meeting need be given to any Member who in writing, executed and filed with the records of the Corporation, either before or after the holding of such meeting, waives such notice.

Section 5. INFORMAL ACTION BY MEMBERS. Any action required to be taken at a meeting of the Members of the Corporation, or any other action which may be taken at a meeting of Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members.

Section 6. QUORUM. A majority but not less than three Members shall constitute a quorum at any meeting. If a quorum is not present at any meeting of Members, a majority of the Members present may adjourn the meeting from time to time without further notice.

Section 7. PROXIES. At any meeting of Members, a Member may vote either in person or by proxy executed in writing by the Member or his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

ARTICLE IV

Board of Directors

Section 1. GENERAL POWERS. The property, affairs and business of the Corporation shall be managed and controlled and all corporate powers shall be exercised by or under the authority of its Board of Directors.

Section 2. ELECTIONS. The Directors shall be elected annually by the Members at the annual meeting of the Members. The Directors shall be chosen by a plurality of the votes cast and may succeed themselves in office.

Section 3. NUMBER AND TENURE. The number of Directors shall be nine and said number may be increased, or diminished to not less than three (3), by amendment of these By-Laws. Directors need not be members. Each Director shall hold office until the next annual meeting of Members and until his successor shall have been elected, unless prior thereto he dies, resigns or is removed from office.

Section 4. REGULAR MEETINGS. A regular annual meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after and at the same place as, the annual meeting of

Members. The Board of Directors may provide by resolution the time and place, either within or without the State of New York, for the holding of additional regular meetings of the Board without other notice than such resolution. If any day fixed for a regular meeting shall be a legal holiday, then the meeting which would otherwise be held on that day, shall be held at the same hour and place on the next succeeding business day.

Section 5. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held whenever called by the President or by two (2) of the Directors. Notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, on a day not later than the third day before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable or wireless, or be delivered personally or by telephone on a day not later than the second day before the day on which the meeting is to be held. Every such notice shall state the time and place, but need not state the purposes of the meeting. Notice of any such meeting need not be given to any Director, however, if waived by him in writing or by telegraph, cable or wireless, whether before or after such meeting is held, or if he shall attend such meeting in person, and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all of the directors shall be present thereat.

Section 6. QUORUM AND MANNER OF ACTING. One-third of the Board of Directors, as the number of such Board shall be fixed by these By-Laws, at the time of any meeting of the Board of Directors (but in no event less than two directors) shall constitute a quorum for the transaction of business at such meeting, and, except as otherwise required by statute or by the Certificate of Incorporation or by these By-Laws, the act of a majority of the Directors present at any meeting, at which a quorum is present, shall be the act of the Board of Directors. In the absence of a quorum, a majority of the Directors present may, without notice other than announcement at the meeting, adjourn the meeting from time to time until a quorum be had. The Directors shall act only as a Board and the individual Directors shall have no power as such.

Section 7. RESIGNATION AND REMOVAL OF DIRECTORS. Any Director may resign at any time by giving written notice to the Secretary of the Corporation or to the Board of Directors. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any Director may be removed from office at any time with or without cause by affirmative vote of two-thirds of all Directors.

Section 8. VACANCIES. In case any vacancy shall occur in the Board of Directors because of death, resignation, or removal, or in case any newly created Directorship shall result from any increase in the authorized number of Directors, the Board of Directors may, at any regular or special meeting thereof, by vote of a majority of the Directors then in office, though less than a quorum, elect a Director to fill such vacancy for the unexpired portion of the term or to fill such newly created Directorship, and the Director so elected shall hold office until the next annual election and until his successor shall be duly elected. Any such vacancy resulting from any cause whatsoever, or any such newly created Directorship, may be filled by the Members at the next annual meeting of Members or at a special meeting thereof held for the purpose.

ARTICLE V

Officers

Section 1. OFFICERS. The officers of the Corporation shall be a President (who shall be elected from among the Members of the Board of Directors), one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Treasurer, a Secretary and such other officers as may be elected in accordance with the provisions of this Article. Any two or more offices may be held by the same persons, except the offices of President and Secretary.

Section 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 3, shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected or appointed in his stead, unless prior thereto he dies, resigns, or is removed from office.

Section 3. ADDITIONAL OFFICERS, ETC. The Board of Directors may appoint such other officers, committees and agents as it may deem necessary, including one or more Assistant Treasurers and one or more Assistant Secretaries, each of whom shall hold office for such period, have such authority, and perform such duties, as are provided in these By-Laws, or as the Board of Directors or Executive Committee may from time to time determine. The Board of Directors may delegate to any officer or committee the power to appoint, and to prescribe the authority and duties of, any such subordinate officers, committees or agents.

Section 4. REMOVAL. Any officer or agent may be removed, either with or without cause, by the Board of Directors at any regular or special meeting thereof, or by any committee or superior officer upon whom such power of removal may be conferred by the Board of Directors.

Section 5. RESIGNATION. Any officer may resign at any time by giving written notice to the Board of Directors, or to the President, or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt thereof or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. VACANCIES. A vacancy in any office because of death, resignation, removal, or otherwise, may be filled by the Executive Committee for the unexpired portion of the term, subject, however, to the approval of the Board of Directors at its next meeting.

Section 7. PRESIDENT. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation subject, however, to control of the Board of Directors and of the Executive Committee. He shall preside at all meetings of the Members and of the Board of Directors at which he is present, and in general shall perform all duties incident to the office of President and such other duties as may from time to time be assigned to him.

Section 8. VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President), the Vice Presidents in the order of seniority as designated by the President shall perform the duties of the President, and when so acting, shall have all the powers of (including the power to act as a Director) and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him.

Section 9. TREASURER. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VIII of these By-Laws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him.

Section 10. SECRETARY. The Secretary shall keep the minutes of the meetings of the Members, of the Board of Directors and of the Executive Committee in books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; keep a register of the post office address of each Member or Director which shall be furnished to the Secretary by such Member or Director; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him.

Section 11. ASSISTANT SECRETARIES. At the request of the Secretary, or in his absence or disability, the Assistant Secretaries shall perform all of the duties of the Secretary, and when so acting they shall have all of the powers of, and be subject to all of the restrictions upon, the Secretary. They shall perform such other duties as may, from time to time, be assigned to them.

Section 12. ASSISTANT TREASURERS. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers, in general, shall perform such duties as shall be assigned to them from time to time.

ARTICLE VI

Executive Committee

Section 1. HOW CONSTITUTED. The Directors may appoint from their own number an Executive Committee of four (4) Members and shall designate one of them as Chairman.

Section 2. TERM OF OFFICE. Each member of the Executive Committee shall continue in office, provided that he continues to be a Director, until the annual meeting held by the Directors after his election and until his successor shall have been elected or until he shall have resigned and his resignation shall have become effective, or until he shall have been removed in the manner hereinafter provided, or until he shall have died.

Section 3. ALTERNATES. The Directors may designate from their own number an alternate to act as a Member of the Executive Committee in lieu of the regular Member thereof in case of the absence or disability of such regular Member with like powers and effect, when so acting, as if such alternate had been originally designated a regular Member

in the place and stead of the regular Member in lieu of whom he is so acting. Any alternate so designated shall, upon the death, resignation or removal of the regular Member of said Committee for whom he has been designated as an alternate, become a regular Member of the Executive Committee without further action by the Directors.

Section 4. RESIGNATIONS. Any regular or alternate Member of the Executive Committee may resign at any time by giving written notice to the President or to the Secretary. Such resignation shall take effect at the time of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. REMOVAL. Any regular or alternate Member of the Executive Committee may be removed, with or without cause, at any time by the Directors.

Section 6. VACANCIES. Any vacancy shall be filled by the Directors.

Section 7. POWERS. While the Directors are not in meeting assembled, the Executive Committee shall have and may exercise all of the powers conferred upon and vested in the Directors, excepting only the power to elect officers.

Section 8. MANNER OF ACTING. The Executive Committee may act by three (3) of their number then in office either by vote at a meeting or in writing without a meeting. Whenever less than all the Members of the Executive Committee act in writing without a meeting, the Members so acting shall forthwith notify the Secretary of such action and furnish him with copies of all instruments evidencing such action, and the Secretary shall forthwith notify the other Member thereof and furnish him with copies of such instruments.

Section 9. EVIDENCE OF ACTION OF THE EXECUTIVE COMMITTEE AND OF THEIR IDENTITY. A certificate executed by the Secretary certifying to any act of the Executive Committee shall be sufficient evidence thereof.

A certificate executed by the Secretary certifying who are or were Members of the Executive Committee at any given time shall be sufficient evidence thereof.

Section 10. MEETINGS. At each meeting of the Executive Committee the Chairman designated by the Board of Directors, or, in his absence, a member of the Executive Committee chosen by the Members of the Committee present shall act as Chairman. The Committee shall keep a record of its acts and proceedings and report the same from time to time to the Directors.

Section 11. TIME AND NOTICE OF MEETINGS. Regular meetings of the Executive Committee may be held at the office of the Corporation in the City of New York at such time as may be fixed by a resolution

adopted by a majority of the Members of the Committee. If such resolution be adopted notice of such regular meetings need not be given, and if any day fixed for a regular meeting shall be a legal holiday, then the meeting which would otherwise be held on that day shall be held at the same hour and place on the next succeeding business day. Special meetings of the Committee shall be held at such times and at such places as shall be specified in a request signed by any Member of the Committee and delivered to the Secretary or an Assistant Secretary of the Corporation. At least twenty-four (24) hours' notice of each special meeting of the Committee shall be given each Member of the Committee by mail or telegraph addressed to him at his residence or usual place of business or by telephone or personal delivery. Each such notice shall state the time and place of the meeting. Notice of any meeting need not be given to any Member of the Committee, however, if waived by him in writing before or after the meeting or if he shall attend such meeting in person, and any meeting of the Committee shall be a legal meeting without any notice thereof having been given if all of the Members of the Committee shall be present thereat.

Section 12. QUORUM. Three (3) Members of the Executive Committee at the time of any meeting of the Executive Committee shall constitute a quorum for the transaction of business, and the act of any three (3) Members present at any meeting at which a quorum is present shall be the act of the Committee.

ARTICLE VII

Compensation

None of the Members, Directors or Officers (other than the Secretary) of this Corporation, shall receive any compensation whatever for their services, but any Member, Director or Officer may be reimbursed for expenses incurred in connection with the activities of the Corporation. The Corporation may employ such agents, representatives, or employees as may be necessary properly to carry out the objects and purposes for which the Corporation is formed.

ARTICLE VIII

Contracts, Checks, Drafts, Bank Accounts, Etc.

Section 1. CONTRACTS, ETC., HOW EXECUTED. The Board of Directors, except as in these By-Laws otherwise provided, may authorize any officer or officers or agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances, and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or

authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

Section 2. LOANS. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized by the Board of Directors. When authorized so to do, any officer or agent of the Corporation may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation, and, when authorized as aforesaid, as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, may mortgage, pledge, hypothecate or transfer any real or personal property at any time held by the Corporation and to that end execute instruments of mortgage or pledge or otherwise transfer said property. Such authority may be general or confined to specific instances.

Section 3. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such person or persons and in such manner as shall, from time to time, be determined by the Board of Directors.

Section 4. DEPOSITS. All funds of the Corporation shall be deposited to the credit of the Corporation under such conditions and in such banks, trust companies or other depositaries as the Board of Directors may designate or as may be designated by any officer or officers or agent or agents of the Corporation to whom such power may, from time to time, be delegated by the Board of Directors, and for the purposes of such deposit any person or persons to whom such power is so delegated may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

Section 5. PROXIES. Unless otherwise provided by the Board of Directors, either the Chairman of the Executive Committee or the President may, from time to time, appoint an attorney or attorneys or agent or agents of the Corporation in the name and on behalf of the Corporation to cast the vote which the Corporation may be entitled to cast, as a stockholder or otherwise in any other corporation any of whose stock or other securities are held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such vote or giving such consent, and may execute or cause to be executed in the

name and on behalf of the Corporation and under its seal such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE IX

Fiscal Year

The fiscal year of the Corporation shall begin on the 1st day of January and end on the 31st day of December in each year.

ARTICLE X

Seal

The Board of Directors shall provide a suitable seal, which shall be in the form of a circle with such design as the Board or the Executive Committee shall approve, and shall bear the words and figures:

SHELL COMPANIES FOUNDATION, INCORPORATED
CORPORATE SEAL

1953
NEW YORK

ARTICLE XI

Limitation of Liability and Indemnification of Directors and Officers

No person shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a Director or Officer of the Corporation in good faith, if such person (a) exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the Corporation or upon statements made or information furnished by officers or employees of the Corporation which he had reasonable grounds to believe.

In case any action, suit or proceeding, to which any person may be made a party on account of action taken or omitted to be taken by him, as a Director or Officer of the Corporation or of any other company which he may serve at the request of the Corporation, shall result in the entry of final judgment in his favor or be dismissed as to him the Corporation shall reimburse or indemnify him for or against all costs and expenses reasonably incurred by him in connection therewith. In case any such action, suit or proceeding shall result in a settlement and if in the judgment of a disinterested majority of the Board of Directors or of any disinterested committee or group of persons to whom the

question may be referred by the Board of Directors, any such person was not negligent or guilty of bad faith in relation to the matters complained of therein, the Corporation shall reimburse him for or indemnify him for or against all costs and expenses reasonably incurred by him in connection therewith, other than for any sums paid to the Corporation.

The provisions of this Article shall be in addition to and not in limitation of any other rights, indemnities or limitations of liability.

ARTICLE XII

Amendments

These By-Laws or any of them may be altered, amended or repealed, or new By-Laws may be made, only by the affirmative vote of a majority of the whole Board of Directors at a regular or special meeting, or by the affirmative vote of a majority of all the Members at a regular or special meeting, provided that notice of such alteration, amendment, repeal or addition shall be included in the notice of any special meeting held for such purpose. By-Laws made or amended by the Directors shall be subject to amendment, alteration or repeal by the Members.

SOURCE: Copy supplied by the Shell Companies Foundation.

Hillside Industrial Foundation

[This is a generalized foundation, substantially a manufacturers' community chest. It is set up to administer the charitable contributions of any manufacturing or related company within its community. Funds channeled through the Foundation are distributed by vote of the Board of Trustees; also, under a special provision of the Certificate of Incorporation, this Board "may in its discretion" accept designated gifts, following "instructions regarding the time, manner, amounts and conditions" of the disposition of such gifts.]

BY-LAWS

ARTICLE I

Officers of the Corporation

Section 1. The principal office of the Foundation shall be located at Room 2501, 11 Commerce Street, Newark 2, New Jersey.

Section 2. The Foundation may have such other office or offices at such suitable place or places as may be designated from time to time by the Board of Trustees.

ARTICLE II

Seal

Section 1. The seal, an impression of which is affixed hereto, shall be the common seal of the Foundation.

ARTICLE III

Fiscal Year

Section 1. The fiscal year of the Foundation shall commence on the first day of January and terminate on the 31st day of December in each year.

ARTICLE IV

Membership

Section 1. QUALIFICATIONS. Any individual, firm, association, organization or corporation, located in Hillside and engaged in manufacturing or whose principal business is in servicing manufacturers, and which makes an annual contribution of not less than \$100 shall be eligible for membership in the Foundation.

Section 2. ELECTION OF MEMBERS. Applicants for membership shall submit a written application to the Secretary in such form and furnishing such information as shall be determined by the Board of Trustees. The Secretary shall present the applications for consideration by the Board of Trustees at the meeting next following receipt of the application. The Board of Trustees shall pass upon the eligibility of applicants for membership. Applicants shall be elected into membership in the Foundation by the affirmative majority vote of the Trustees present at any duly convened meeting of the Board of Trustees.

Section 3. MEETINGS OF MEMBERS. The annual meeting of the members shall be held on the second Monday in February in each year at the principal office of the Foundation or at such other place and at such time as shall be specified by the President. Special meetings of the members may be held upon the call of the President or upon the call of ten members of the Foundation. The Secretary shall give ten days written notice by mail to each member of the time and place of each annual and special meeting.

Section 4. VOTE OF MEMBERS. Each member of the Foundation shall be entitled to one vote. No member shall be entitled to vote by proxy.

Section 5. QUORUM. The attendance of one-third of the membership in person at any meeting shall be necessary to constitute a quorum. The affirmative vote of a majority of the members present shall be sufficient for the election of Trustees and for the transaction of all other business except as otherwise provided by law.

ARTICLE V

Board of Trustees

Section 1. QUALIFICATIONS, NUMBER AND TERM. The business of the Foundation shall be managed by a Board of Trustees who shall be chosen from among the members of the Foundation, or in case any member is a corporation, then from among the duly authorized representatives of such corporation. The Board of Trustees shall consist of not less than five nor more than nine Trustees and they shall be elected for a term of five years, excepting that the terms of one or more of the Trustees first appointed may be so arranged that at least one Trustee shall be elected annually in each subsequent year.

Section 2. ELECTION. The Trustees shall be elected by a majority vote of the members at the annual meeting. Any vacancy in the Board of Trustees shall be filled by the Board for the unexpired term.

Section 3. MEETINGS. Regular meetings of the Board of Trustees shall be held in the second week in the months of February, May, August and

November upon such day as may be fixed by the President. Special meetings of the Board of Trustees shall be held upon call by the President or upon written request submitted to the President and signed by three or more Trustees. Five days written notice by mail shall be given to each Trustee of any regular or special meeting of the Board of Trustees.

Section 4. QUORUM. A majority of the Trustees present at any regular or special meeting shall constitute a quorum for the transaction of business.

Section 5. DISBURSEMENT OF FUNDS. All recommendations and proposals for the disbursement of the funds of the Foundation toward one or more of the purposes and objects of the Foundation, as expressed in the Certificate of Incorporation, shall be submitted to the Board of Trustees for approval. Upon approval by a majority vote of the Trustees present at any duly convened meeting, a memorandum briefly describing the nature of the disbursement and the amount thereof shall be prepared by the Secretary and mailed to each Trustee who was absent from the meeting. In addition thereto, a written certification of the authorized disbursement or disbursements signed by the President or any other one or more Trustees, shall be given to the Treasurer who shall thereupon be authorized to make the disbursement or disbursements.

Section 6. REMOVAL OF TRUSTEES. The continued absence of any Trustee from five consecutive meetings of the Board of Trustees shall be a cause for removal from the Board. Any Trustee may be removed for cause by a majority vote of the entire Board of Trustees.

ARTICLE VI

Officers

Section 1. DESIGNATION. The Officers of the Foundation shall be a President, a Vice-President, a Treasurer and a Secretary and such other officers as the Board may from time to time determine.

Section 2. QUALIFICATIONS AND ELECTION. The President and Vice-President shall be chosen from among the Trustees of the Foundation. The Officers shall be elected at the next regular meeting of the Board of Trustees following the annual meeting of the members and the Officers so elected shall hold office for the term of one year and until their successors are elected. Officers so elected may be removed from office with or without cause by a majority vote of the entire Board of Trustees. Vacancies occurring in any office shall be filled by the Board of Trustees for the balance of the term.

Section 3. PRESIDENT. The President shall be the chief executive officer of the Foundation and shall have general supervision of the business of the Foundation, subject to the authority of the Board of Trustees. He shall preside at all meetings of the Board and of the members. He shall appoint all committees so authorized by the Board of Trustees and shall name the chairman thereof and shall be an ex officio member of all committees.

Section 4. VICE-PRESIDENT. The Vice-President shall assist the President in the performance of his duties and in the absence of the President or in the event of the President's inability to act, he shall have the powers and authority to perform the duties of the President.

Section 5. TREASURER. The Treasurer shall have the custody of the monies and investments of the Foundation and shall have charge of the finances of the Foundation, subject to the power and authority of the Board of Trustees. He shall keep accurate records and accounts of the contributions to and receipts of the Foundation, its investments, bank deposits, earnings and all disbursements. He shall open and maintain bank accounts of the Foundation in such banking institutions as the Board of Trustees may direct and shall deposit funds of the Foundation therein, subject to withdrawal only by checks signed by such persons as the Board of Trustees shall specify. He shall furnish such bond as may be required by the Board of Trustees in such amount and form as may be approved by said Board. He shall render to the Board of Trustees at each regular meeting accounts of his transactions and of the financial condition of the corporation and shall furnish such other information as may be required by the Board from time to time.

Section 6. SECRETARY. The Secretary shall have general charge of the records, documents and papers of the Foundation which do not pertain to the duties of other Officers and shall have custody of the corporate seal. He shall give the required notice of all meetings of members and of the Board of Trustees and shall record the minutes thereof in books to be kept for that purpose.

Section 7. ADDITIONAL POWERS AND DUTIES. The several Officers shall have such additional power and authority and shall perform such other duties as commonly pertain to their respective offices or as the Board of Trustees may assign and direct from time to time.

Section 8. COMMITTEES. The Board of Trustees may from time to time authorize the appointment of such committees as the said Board shall deem expedient or necessary in the management of the affairs and business of the Foundation. Each such committee shall consist of at least two Trustees and shall exercise such power and authority or perform such duties as may be designated from time to time by the Board of Trustees.

ARTICLE VII

Amendment of By-Laws

Section 1. The By-Laws of the Foundation may be amended, altered, modified and supplemented at any meeting of the Board of Trustees by a majority vote of the Trustees present at such meeting, provided, however, that the notice of such meeting shall set forth the proposed change.

SOURCE: Copy supplied by Hillside Industrial Foundation, May, 1957.

Rotary Foundation

[The following section from the by-laws of Rotary International provides for a legally separate Rotary Foundation, but with trustee and procedural stipulations that tie it closely to the parent organization.]

BY-LAWS OF ROTARY INTERNATIONAL

ARTICLE XVIII

ROTARY FOUNDATION

Section 1. The title to all property of the Rotary Foundation shall be vested in five trustees and their successors, who, except as otherwise provided by these by-laws or by the terms of the gift, devise, or bequest, shall hold, invest, manage, and administer it, and with the approval of the board of directors of Rotary International, expend the corpus or the income therefrom, as a single trust, for the furtherance of the purposes of Rotary International or the object of Rotary, or of any philanthropic, charitable, educational, or other eleemosynary purpose, object, movement, or institution, approved by the board of directors of Rotary International.

In administering the property of the Rotary Foundation, unless otherwise specifically provided by the terms of the gift, devise, or bequest, the trustees shall have power to sell, lease, transfer, or exchange all or any part of said property at such prices and upon such terms and conditions and in such manner as they may deem best; to execute and deliver any proxies, powers of attorney, or agreements that they may deem necessary or proper and that may be permitted by law; to invest and reinvest in such loans, securities, or real estate as they may deem suitable for the investment of trust funds, irrespective of any law now or hereafter in force limiting the investments of trust funds, insofar as the laws of the jurisdiction where the investment is made may permit; to determine whether money or property coming into their possession shall be treated as principal or income and charge or apportion any expenses or losses to principal or income according as they may deem just and equitable; to select and employ in and about the execution of the trust, suitable agents and attorneys, including the employment of a trust company or trust companies to whom may be delegated, with the right of revocation reserved, such powers in managing and investing the trust estate as the trustees may deem advisable, and as the laws of the

jurisdiction may permit, and to pay their reasonable compensation and expenses; and the trustees in no event are to be held liable for any neglect, omission, or wrong-doing of such agents or attorneys, provided reasonable care shall have been exercised in their selection; and the trustees, save for their own gross neglect or willful default, shall not be liable for any loss or damage.

Section 2. The first five trustees shall, with the approval of the board of directors, be appointed by the president, one to serve for a term of one year, one for a term of two years, one for a term of three years, one for a term of four years, and one for a term of five years. Subsequent appointments shall be made by the president, with the approval of the board of directors, for a term of five years. All trustees shall be Rotarians, and should any trustee cease so to be, his office shall thereby be ipso facto vacated.

The board of directors of Rotary International, by a three-fourths vote, shall have the power to remove any trustee for good and sufficient cause, provided notice of the time and place of the meeting at which they propose to take such action shall first be given to all of the trustees, and provided the trustee whom it is proposed to remove shall at such meeting be given an opportunity to be heard.

In case of the death, resignation, removal or disability of a trustee, the president shall, with the approval of the board of directors, appoint a successor to serve for the unexpired term.

Successor trustees, however, or for whatever reason appointed or created, shall have all powers and discretions and shall be charged with like duties in all respects as herein conferred upon the original trustees.

Section 3. The president shall each year, with the approval of the board of directors, designate one of the trustees as chairman of that year; and in case of the death, resignation or disability of the chairman, the president shall, with the approval of the board of directors, designate a chairman to serve for the unexpired term.

Section 4. The trustees shall serve without compensation.

Section 5. The trustees shall be charged with the responsibility of preparing and disseminating information regarding the purposes and operation of the Foundation, and forms for gifts, devises, and bequests thereto.

Section 6. The trustees shall have full power to expend the income from, or the corpus of, any property of the Rotary Foundation for any purpose specifically prescribed by the donors or testators. All other expenditures from the income from any property of the Rotary Foundation, except necessary expense of administration, shall be made only after the board of directors of Rotary International, or a convention thereof, shall have first provided therefor by resolution; but any such

expenditure, notwithstanding the fact that it has been provided for by resolution of the board of directors or a convention of Rotary International, shall not be made unless a majority of the trustees has first approved thereof. No part of the corpus of the Rotary Foundation, except for a purpose specifically prescribed by the donors or testators, shall be expended unless ordered by a resolution of a convention of Rotary International, and by a resolution of the board of directors, and with the approval of a majority of the Foundation trustees.

Section 7. The trustees, by special authority of a resolution of a convention or of the board of directors of Rotary International, may take all steps deemed by them necessary or advisable to incorporate the Rotary Foundation under such jurisdiction and such form of charter, as may be prescribed by the resolution or if not so prescribed, as the trustees think proper, whenever, in the opinion of the trustees, such incorporation is necessary or advisable in order to make legal or to prevent the lapsing of any gift, devise, or bequest, or for the proper or suitable administration of the Rotary Foundation; and upon such incorporation and upon proper conveyances being made by the trustees to the corporation, the title to all the properties of the Rotary Foundation shall thereupon be vested in the corporation and the corporation shall have and may exercise all the rights, powers, privileges, and immunities, and shall perform all the duties theretofore vested in the trustees.

Section 8. All necessary expenses of administering the Rotary Foundation, including the expenses of the trustees, unless they be otherwise provided by the board of directors of Rotary International, shall, when approved by a majority of the trustees and by the board of directors of Rotary International, be paid out of the funds of the Foundation.

Section 9. The trustees, with the approval of the board of directors of Rotary International, may adopt such rules and regulations for the administration of the Foundation as in their opinion may be necessary or advisable; and all such rules and regulations, except they be illegal or contrary to the specifically expressed intention of the donor or testator, or contrary to the constitution and by-laws of Rotary International, shall become terms and provisions of the trust.

Section 10. The trustees shall not be required to give any bond for the faithful performance of the trust, any such bond required by any jurisdiction being waived.

SOURCE: *Provisions of the Constitution and By-Laws of Rotary International Relating to the Rotary Foundation together with a Declaration of Trust.* The Rotary Foundation of Rotary International, Evanston, Ill., 1956, pp. 1-3.

American Bar Foundation

[The American Bar Foundation's members are those persons who from time to time are members of the Board of Governors of the American Bar Association. However, its by-laws are in other respects similar to those of general foundations, and in their framing had exceptional access to legal talent.]

BY-LAWS

ARTICLE I

Purposes

The purposes of the corporation as stated in its certificate of incorporation are:

To carry on the following educational, literary, scientific and charitable purposes or any of them, both directly and by the application of assets to the use of the American Bar Association, for charitable, scientific, literary or educational purposes, or to any other corporation, trust, fund or foundation whose purposes and operations are charitable, scientific, literary or educational:

- (a) To foster and maintain the honor and integrity of the profession of the law;
- (b) To study, improve and to facilitate the administration of justice;
- (c) To promote the study of the law and research therein, the diffusion of knowledge thereof, and the continuing education of lawyers;
- (d) To cause to be published and to distribute addresses, reports, treatises and other literary works on legal subjects;
- (e) To maintain a law library and a research center;
- (f) To acquire, preserve and exhibit rare books and documents, objects of art, and items of historical interest having legal significance or bearing on the administration of justice;
- (g) To promote suitable standards of legal education:

provided, however, that no part of the net earnings of the corporation shall inure to the benefit of any private member or individual, and provided further that no substantial part of its activities shall involve the carrying on of propaganda, or otherwise attempting to influence legislation.

ARTICLE II

Offices

The corporation shall have and continuously maintain in this state a registered office and a registered agent whose office is identical with such registered office, and may have such other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

ARTICLE III

Members

Section 1. MEMBERS. The members of the corporation shall be the persons who from time to time are members of the Board of Governors of American Bar Association. Any person who ceases to be a member of the Board of Governors of the American Bar Association shall cease to be a member of this corporation.

Section 2. VOTING. Each member shall be entitled to one vote on each matter submitted to a vote of the members.

Section 3. TRANSFER OF MEMBERSHIP. Membership in this corporation is not transferable or assignable.

ARTICLE IV

Meeting of Members

Section 1. ANNUAL MEETING. An annual meeting of the members shall be held in each year immediately following the adjournment of the Annual Meeting of the American Bar Association and in the same city and state in which said meeting is held, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called either by the President, the Board of Directors, or three or more of the members.

Section 3. PLACE OF MEETING. The Board of Directors may from time to time designate any place, either within or without the State of Illinois, as the place of meeting for any annual meeting or for any special meeting of members.

Section 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than five nor more than forty days before the date of such meeting, by or at the direction of the President, or the Secretary, or the persons calling the meeting. In case of a special meeting or when

required by statute or by these by-laws, the purpose for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid. Any member may waive notice of any meeting. Any meeting shall be deemed to be validly called at which all of the members are present.

Section 5. QUORUM. A majority of the members shall constitute a quorum at any meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

ARTICLE V

Board of Directors

Section 1. GENERAL POWERS. The affairs of the corporation shall be managed by its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors shall be seven. Each director shall hold office until the next annual meeting of members following his election and until his successor shall have been elected and qualified. Directors need not be residents of Illinois but shall be members of the corporation. Any director who ceases to be a member of the corporation shall cease being a director of the corporation.

Section 3. REGULAR MEETINGS. A regular annual meeting of the Board of Directors shall be held without other notice than by this by-law, immediately after and at the same place as the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of Illinois, for the holding of additional regular meetings of the Board without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or three or more of the directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Illinois, as the place for holding such special meeting.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram such notice shall be deemed to

be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these by-laws.

Section 6. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. VACANCIES. Any vacancy occurring in the Board of Directors or any directorship to be filled by reason of an increase in the number of directors, shall be filled by the members. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 8. COMPENSATION. Directors as such shall not receive any stated compensation for their services, but by resolution of the Board may be reimbursed for their expenses of attendance at meetings of the Board.

Section 9. EXECUTIVE COMMITTEE. The Board of Directors, by resolution, adopted by a majority of the directors in office, may designate and appoint an Executive Committee which shall consist of three directors subject in all respects to the authority and discretion of the Board of Directors and between its meetings the Executive Committee shall have and exercise the power and authority of the Board of Directors in the management of the corporation.

Section 10. OTHER COMMITTEES. Other committees not having or exercising the authority of the Board of Directors in the management of the corporation may be designated by resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Persons may be designated as committee members who are not members of the corporation or its Board of Directors.

ARTICLE VI

Officers

Section 1. OFFICERS. The officers of the corporation shall be a President, a Vice-President, a Secretary, and a Treasurer.

Section 2. ELECTION, QUALIFICATION AND TERM OF OFFICE. The officers of the corporation shall be members and shall be elected annually by the Board of Directors at its regular annual meeting. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3. DUTIES OF OFFICERS. The duties of the officers shall be such as usually attach to such offices and, in addition thereto, such further duties as may be designated from time to time by the Board of Directors.

Section 4. BONDING OF TREASURER AND OTHER OFFICERS. At the direction of the directors, the Treasurer and/or any other officer or employee of the Foundation shall be bonded.

ARTICLE VII

Contracts, Checks, Deposits and Funds

Section 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Section 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. DEPOSITS. All funds of the corporation shall be deposited to the credit of the corporation in such banks, trust companies or other depositaries as the Board of Directors may select.

Section 4. GIFTS. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

ARTICLE VIII

Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members and Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members. All books and records of the corporation may be inspected by any member, or his agent or attorney for any proper purpose at any reasonable time.

ARTICLE IX

Dues

No dues shall be paid by members of the corporation.

ARTICLE X

Seal

The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Chicago, Illinois."

ARTICLE XI

Waiver of Notice

Whenever any notice whatever is required to be given under the provisions of the General Not For Profit Corporation Act of Illinois or under the provisions of the articles of incorporation or the by-laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Amendments to By-Laws

These by-laws may be altered, amended or repealed and new by-laws may be adopted by three-fourths of the members, provided that at least thirty days' written notice is given of the intention to alter, amend or repeal or to adopt new by-laws at such meeting.

SOURCE: *ABF* (1954-55) *Doc. # 2*. The Foundation. 7 pp. Mimeographed.

The Ford Foundation

[The by-laws of The Ford Foundation, in this revision of September 27, 1957, are relatively simple. As a Michigan corporation, the registered office is in Dearborn, but the principal office in New York. Trustees are retired at age 70, officers at age 65. Vice presidents are charged with developing and administering programs.]

BYLAWS

ARTICLE I

Section 1. OFFICES. The registered office of The Ford Foundation (hereinafter called the Foundation) in the State of Michigan shall be in the City of Dearborn, County of Wayne. The principal office of the Foundation shall be in the City and State of New York. The Foundation may also have an office or offices at such other place or places either within or without the State of Michigan as the Board of Trustees may from time to time determine.

ARTICLE II

Members

Section 2. FUNCTIONS. The Members shall elect and may remove Members and Trustees. The Members shall also be the members of the Board of Trustees. Except as otherwise provided by law or these By-laws, all corporate powers shall be exercised by or under the authority of the Board of Trustees.

Section 3. GENERAL. The provisions of ARTICLE III governing the number, election and term of office, meetings and resignation, removal, and vacancies of the Trustees (Sections 4, 5, 6, and 7) shall govern, unless otherwise provided by law, in respect of the Members.

ARTICLE III

The Board of Trustees

Section 4. NUMBER. There shall be such number of Trustees, not less than seven nor more than fifteen, as may be fixed by the Members at any meeting thereof.

Section 5. ELECTION AND TERM OF OFFICE. Trustees may be elected by the Members at any meeting thereof. The term of office of each Trustee shall be three years (or until the end of the respective term of

his predecessor if he shall have been elected to succeed a person who shall not have completed his three-year term) and until the election and qualification of his successor. The terms of office of Trustees shall be so staggered that at least one-third of the Trustees shall be elected each year. No person seventy years of age or over shall be eligible for election as a Trustee, and any Trustee shall, upon his seventieth birthday, cease to hold said office.

Section 6. MEETINGS.

a. Place of Meeting. Meetings of the Board of Trustees shall be held at the principal office of the Foundation or at such other place designated in the notice of meeting.

b. Schedule of Meetings. The annual meeting of Members shall be held on the second Friday of December or on such other date as the Members by unanimous vote at a meeting thereof or by unanimous written consent may designate. The annual meeting of the Board of Trustees shall be held immediately following the annual meeting of Members. There may be such other regular meetings of the Board of Trustees as may be scheduled by the Board of Trustees. Special meetings of the Board of Trustees may be called at any time by the Secretary, or in his absence by an Assistant Secretary of the Foundation, upon written request by the Chairman of the Board, the President, or not less than one-third of the Trustees.

c. Notice of Meetings. Notice of each annual meeting shall be given at least ten days prior to the date thereof. Notice of other meetings, regular or special, shall be given at least five days prior to the date thereof. Notice in each case shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose or purposes thereof. The provisions of Section 31 shall govern in respect of such notice, which shall be given by the Secretary or, in his absence or upon his failure to act, by an officer designated by the Chairman of the Board or the President.

d. Consent to Meetings. The transactions taken at any meeting, however called and noticed and wherever and whenever held, shall be as valid as though taken at a meeting duly held in accordance with the other provisions of these Bylaws, if a quorum be present, and if, either before or after the meeting, each of the Trustees not present thereat shall give a waiver of notice as provided in Section 31. All such waivers of notice shall be made a part of the minutes of said meeting.

e. Organization of Meetings. At each meeting of the Board of Trustees, the Chairman of the Board, or in his absence, the Vice Chairman of the Board, or in the absence of both, the President shall act as chairman. The Secretary of the Foundation, or in his absence a person appointed by the chairman of the meeting, shall act as secretary.

f. Quorum at Meetings. A majority of the total number of Trustees shall constitute a quorum for the transaction of business at any meeting and, except as otherwise provided by law or these Bylaws, the act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees. In the absence of a quorum, a meeting may be adjourned until such time as a quorum may be obtained.

g. Action Authorized Without a Meeting. If the Trustees shall severally and/or collectively consent in writing to any action to be taken by the Foundation, such action shall be as valid a corporate action as though it had been authorized at a meeting of the Board of Trustees. Any such consent shall be filed with the Secretary of the Foundation.

Section 7. RESIGNATION, REMOVAL, AND VACANCIES. Any Trustee may resign at any time by giving written notice to the Chairman of the Board, the President, the Secretary, or the Board of Trustees. Such resignation shall take effect at the time specified therein. If any Trustee should tender his resignation to take effect at a future time, the Members shall have power to elect a successor to take office at such time as the resignation shall become effective.

Any Trustee may be removed by a vote of three-fourths of all Members at a special meeting of Members called for that purpose.

Any Trustee who shall for any reason cease to be such, shall also cease to be a Member.

Any vacancy resulting from resignation, removal, or any other cause may be filled by the Members at any meeting thereof.

Section 8. COMPENSATION. The Trustees shall receive for their services such compensation as the Board of Trustees may determine and reimbursement of expenses incurred in the performance of their duties. Nothing herein shall preclude a Trustee from serving the Foundation in any other capacity and receiving compensation for such services.

ARTICLE IV

Committees

Section 9. CREATION, MEMBERSHIP, ETC. The Board of Trustees shall, by resolution or resolutions passed by a majority of the whole Board, designate from among its members the following standing committees: an Executive Committee, a Finance Committee, and an Auditing Committee, which committees shall possess and exercise such authority in the management of the business of the Foundation between meetings of the Board, as the Board shall determine and set forth in such resolution or resolutions. The Board of Trustees may from time to time appoint such other standing or special committees as it may deem desirable, and shall provide for their powers and duties. Members of each stand-

ing committee shall be appointed annually to serve for one year or until their successors have been appointed. Each committee shall to the extent not otherwise determined by the Board of Trustees or provided in these Bylaws elect its own chairman and determine its own rules, and shall submit to the Board of Trustees at each meeting thereof a report of the actions, if any, which such committee may have taken since the previous meeting of the Board of Trustees, which actions shall be subject to revision or alteration by the Board of Trustees, provided, however, that no rights of third parties shall be affected adversely by any such revision or alteration.

Section 10. EXECUTIVE COMMITTEE. The Executive Committee shall consist of the Chairman of the Board, the President, and six additional Trustees. A majority of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof and, except as otherwise provided by law or these Bylaws, the act of a majority of the members of the Executive Committee present at any meeting at which a quorum is present shall be the act of the Executive Committee. The Secretary of the Foundation shall be the secretary of the Executive Committee. The Executive Committee shall, to the extent provided in the resolution or resolutions designating such committee, possess and exercise the authority of the Board of Trustees in the management of the business of the Foundation between meetings of the Board. Trustees who are not members of the Executive Committee may attend meetings of the Committee but shall have no vote.

Section 11. FINANCE COMMITTEE. The Finance Committee shall be responsible for formulation of the investment policies of the Foundation, subject to the approval of the Board of Trustees, and for such other fiscal matters as the Board of Trustees may from time to time determine. The Treasurer of the Foundation shall be the secretary of the Finance Committee.

Section 12. AUDITING COMMITTEE. The Auditing Committee shall be responsible for the auditing policies of the Foundation, subject to the approval of the Board of Trustees, and for such other matters as the Board of Trustees may from time to time determine.

ARTICLE V

Officers

Section 13. NUMBER. The officers of the Foundation shall be a Chairman of the Board, a Vice Chairman of the Board, a President, one or more Vice Presidents, an Assistant to the President, a Secretary, a Treasurer, and such other officers as may be appointed in accordance with the provisions of Section 15.

Section 14. ELECTION, TERM OF OFFICE, AND QUALIFICATIONS. Each officer, except such officers as may be appointed in accordance with the provisions of Section 15, shall be chosen annually by the Board of Trustees, and each shall hold office until his successor shall have been chosen, or until his death, or resignation, or removal. No officer shall hold office after he shall have attained the age of sixty-five years.

Any officer may occupy two or more offices at the same time, except that no one shall at the same time occupy the offices of President and Vice President.

No officer shall execute, acknowledge or verify any instrument in more than one capacity.

Section 15. APPOINTMENT OF OFFICERS, ETC. The Board of Trustees or the Executive Committee may appoint other officers or agents, including a Comptroller, one or more Assistant Treasurers, one or more Assistant Secretaries, and one or more Assistant Comptrollers, each of whom shall hold office for such period, have such powers and perform such duties as may be provided by these Bylaws or as the Board of Trustees or the Executive Committee may determine.

Section 16. REMOVAL. Any officer may be removed by the Board of Trustees at any meeting thereof. Any officer appointed in accordance with the provisions of Section 15 may also be removed by the Executive Committee at any meeting thereof.

Section 17. RESIGNATION. Any officer may resign by giving written notice to the Board of Trustees, to the President, or to the Secretary. Such resignation shall take effect at the time specified therein and acceptance shall not be necessary to make it effective.

Section 18. VACANCIES. A vacancy in any office because of resignation, removal, or any other cause, may be filled for the unexpired portion of the term of that office by the Board of Trustees. A vacancy in any office governed by the provisions of Section 15, because of resignation, removal, or any other cause, may also be filled for the unexpired portion of the term of that office by the Executive Committee.

Section 19. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the Board of Trustees and shall perform such other duties as the Board of Trustees may from time to time determine. In the absence of the Chairman, the Vice Chairman of the Board shall perform the duties of the Chairman.

Section 20. PRESIDENT. The President shall be the chief executive officer of the Foundation and as such shall exercise general supervision of all operations and personnel of the Foundation, subject to the direction or approval of the Board of Trustees or the Executive Committee. The President shall be a member *ex officio* of all committees.

Section 21. VICE PRESIDENTS. Vice Presidents shall, under the direction of the President, develop and administer programs, subject to the direction or approval of the Board of Trustees or the Executive Committee. Vice Presidents shall have such other powers and shall perform such other duties as the Board of Trustees, the Executive Committee, or the President may from time to time determine.

Section 22. ASSISTANT TO THE PRESIDENT. The Assistant to the President shall perform such duties as the President may from time to time assign to him.

Section 23. SECRETARY. The Secretary shall record or cause to be recorded in books provided for the purpose, all the proceedings of the meetings of the Foundation, including those of the Members, the Board of Trustees, and all committees of which a secretary shall not have been appointed; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; shall be custodian of the records (other than financial) and of the seal of the Foundation and see that the seal is affixed to all documents the execution of which on behalf of the Foundation under its seal is duly authorized in accordance with the provisions of these Bylaws; shall see that the books, reports, statements, certificates, and all other documents and records required by law are properly kept and filed; and in general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him by the Board of Trustees, the Executive Committee, or the President.

Section 24. TREASURER. The Treasurer shall be the chief financial officer of the Foundation, shall be responsible for the receipt, custody, and disbursement of Foundation funds and other assets, shall be custodian of the financial records of the Foundation, and shall have charge of the investment of the Foundation's funds, subject to the direction or approval of the Board of Trustees, the Executive Committee, or the Finance Committee. The Treasurer shall give such bond for the faithful discharge of his duties as the Board of Trustees may require. In general, the Treasurer shall perform all duties incident to the office of Treasurer, and such other duties as may from time to time be assigned to him by the Board of Trustees, the Executive Committee, the Finance Committee, or the President.

Section 25. COMPTROLLER. The Comptroller shall be the chief accounting officer of the Foundation and shall, under the direction of the Treasurer, be responsible for the adequate and accurate maintenance of the Foundation's accounts. He shall perform such other duties as may from time to time be assigned to him by the Board of Trustees, the Executive Committee, the President, or the Treasurer.

ARTICLE VI

Miscellaneous

Section 26. CORPORATE SEAL. The corporate seal of the Foundation shall be in the form of a circle and shall have inscribed thereon: "The Ford Foundation, Corporate 1936 Seal, Michigan."

Section 27. CONTRACTS, ETC., HOW EXECUTED. The Board of Trustees, or the Executive Committee, except as may be otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any contract or other instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances. Unless authorized so to do by these Bylaws, the Board of Trustees or the Executive Committee, no officer or agent or employee shall have any power or authority to bind the Foundation by any contract or engagement, or to pledge its credit, or to render it liable pecuniarily for any purpose or in any amount.

Section 28. CHECKS, DRAFTS, DEPOSITS, ETC. All checks, drafts, or other evidences of indebtedness issued in the name of the Foundation shall be signed or endorsed by such officer or officers, employee or employees, of the Foundation as shall from time to time be determined by resolution of the Board of Trustees, the Executive Committee, or the Finance Committee. Each of such officers or employees shall give such bond as the Board of Trustees or such committee may require.

Section 29. DEPOSITS. All funds of the Foundation not otherwise employed shall be deposited from time to time to the credit of the Foundation in such banks, trust companies or other depositaries as the Board of Trustees, the Executive Committee or the Finance Committee may from time to time designate, or as may be designated by any officer or officers or agent or agents of the Foundation to whom such power may be delegated by the Board of Trustees or by either of such Committees, and for the purpose of such deposit, all checks, drafts, and other orders for the payment of money which are payable to the order of the Foundation, may be endorsed, assigned and delivered by any officer of the Foundation or in such other manner as may from time to time be determined by resolution of the Board of Trustees or either of such Committees.

Section 30. INDEMNIFICATION. The Foundation shall indemnify any and all of its Trustees or officers or former Trustees or officers or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which

they or any of them are made parties, or a party, by reason of being or having been Trustees or a Trustee or officer of the Foundation, or of such other corporation, except in relation to matters as to which any such Trustee or officer or former Trustee or officer or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty and to such matters as shall be settled by agreement predicated on the existence of such liability.

ARTICLE VII

Notices

Section 31. NOTICES, WAIVER OF NOTICE. Whenever notice of a meeting is required to be given by law or these Bylaws, due legal and personal notice shall be deemed to have been given when the Secretary or any officer designated by the Chairman of the Board or the President shall have sent a written communication by mail, telegraph, or other form of delivery, addressed to the Member or Trustee entitled thereto at his address shown on the Foundation's records. A Member or Trustee may waive such notice, either before or after the meeting for which notice is required to be given, and such waiver in writing made by the person entitled to notice shall itself be deemed equivalent to notice. All waivers shall be filed with the records of the Foundation.

ARTICLE VIII

Amendments

Section 32. AMENDMENTS. Any of these Bylaws may be amended or repealed and new Bylaws may be adopted at any meeting of Members or of the Board of Trustees by a majority vote of all Members or Trustees, respectively, provided that the Board of Trustees shall not adopt, repeal or amend any Bylaw changing the qualifications, classifications or terms of office of Members or Trustees.

SOURCE: *Charter and Bylaws of The Ford Foundation*. The Foundation, New York, 1957, pp. 5-15.

Letters of Gift

IN LEGALLY BINDING DOCUMENTS such as charters, trust instruments, and articles of incorporation, current thinking leans heavily toward a broad statement of purposes and powers, so that adjustments can be made without court action if the presently desired program becomes less desirable or impracticable. Where a statement of specific immediate purposes or limiting conditions is desired, it may be presented in nonbinding language in a letter of gift. Few trustees or directors would violate wishes so expressed, and in the event of court action, such a document would have great weight in determining a donor's intent.

But also a letter of gift may include binding provisions. Indeed, as in the case of the Grantland Rice Fellowship Fund, it may constitute the sole legal document establishing the fund. The examples that follow illustrate this range from modest suggestion to firm stipulation. The writers are George Peabody, John F. Slater, Andrew Carnegie, Margaret Olivia Sage, Edward A. Filene (two letters concerning the Twentieth Century Fund are included), Simon Guggenheim, Julius Rosenwald, Kate M. Ladd (the Josiah Macy, Jr. Foundation), and a person who desires to remain anonymous who established the Grantland Rice Fellowship Fund.

Peabody Education Fund

[George Peabody reveals his motivation, discusses the primary purposes of his gift, its geographical concentration, the status of certain dubious securities, and gives his trustees power to liquidate the trust.]

To Hon. Robert C. Winthrop, of Massachusetts; Hon. Hamilton Fish, of New York; Right Rev. Charles P. McIlvaine, of Ohio; General U. S. Grant, of the United States Army; Hon. William C. Rives, of Virginia; Hon. John H. Clifford, of Massachusetts; Hon. William Aiken, of South Carolina; William M. Evarts, Esq., of New York; Hon. William A. Graham, of North Carolina; Charles Macalester, Esq., of Pennsylvania; George W. Riggs, Esq., of Washington; Samuel Wetmore, Esq., of New York; Edward A. Bradford, Esq., of Louisiana; George N. Eaton, Esq., of Maryland; and George Peabody Russell, Esq., of Massachusetts.

Gentlemen: I beg to address you on a subject which occupied my mind long before I left England, and in regard to which one at least of you (the Hon. Mr. Winthrop, the distinguished and valued friend to whom I am so much indebted for cordial sympathy, careful consideration, and wise counsel in this matter) will remember that I consulted him immediately upon my arrival in May last.

I refer to the educational needs of those portions of our beloved and common country which have suffered from the destructive ravages, and the not less disastrous consequences, of civil war.

With my advancing years, my attachment to my native land has but become more devoted. My hope and faith in its successful and glorious future have grown brighter and stronger; and now, looking forward beyond my stay on earth, as may be permitted to one who has passed the limit of threescore and ten years, I see our country, united and prosperous, emerging from the clouds which still surround her, taking a higher rank among the nations, and becoming richer and more powerful than ever before.

But to make her prosperity more than superficial, her moral and intellectual development should keep pace with her material growth, and, in those portions of our nation to which I have referred, the urgent and pressing physical needs of an almost impoverished people must for some years preclude them from making, by unaided effort, such advances in education, and such progress in the diffusion of knowledge, among all classes, as every lover of his country must earnestly desire.

I feel most deeply, therefore, that it is the duty and privilege of the more favored and wealthy portions of our nation to assist those who are less fortunate; and, with the wish to discharge so far as I may be able my own responsibility in this matter, as well as to gratify my desire to aid those to whom I am bound by so many ties of attachment and regard, I give to you, gentlemen, most of whom have been my personal and especial friends, the sum of one million of dollars, to be by you and your successors held in trust, and the income thereof used and applied in your discretion for the promotion and encouragement of intellectual, moral, or industrial education among the young of the more destitute portions of the Southern and Southwestern States of our Union; my purpose being that the benefits intended shall be distributed among the entire population, without other distinction than their needs and the opportunities of usefulness to them.

Besides the income thus derived, I give to you permission to use from the principal sum, within the next two years, an amount not exceeding forty per cent.

In addition to this gift, I place in your hands bonds of the State of Mississippi, issued to the Planters' Bank, and commonly known as Planters' Bank bonds, amounting, with interest, to about eleven hundred thousand dollars, the amount realized by you from which is to be added to and used for the purposes of this Trust.

These bonds were originally issued in payment for stock in that Bank held by the State, and amounted in all to only two millions of dollars. For many years, the State received large dividends from that Bank over and above the interest on these bonds. The State paid the interest without interruption till 1840, since which no interest has been paid, except a payment of about one hundred thousand dollars, which was found in the treasury applicable to the payment of the coupons, and paid by a mandamus of the Supreme Court. The validity of these bonds has never been questioned, and they must not be confounded with another issue of bonds made by the State to the Union Bank, the recognition of which has been a subject of controversy with a portion of the population of Mississippi.

Various acts of the Legislature—viz., of February 28, 1842; February 23, 1844; February 16, 1846; February 28, 1846; March 4, 1848—and the highest judicial tribunal of the State have confirmed their validity; and I have no doubt that at an early day such legislation will be had as to make these bonds available in increasing the usefulness of the present Trust.

Mississippi, though now depressed, is rich in agricultural resources, and cannot long disregard the moral obligation resting upon her to make provision for their payment. In confirmation of what I have said, in regard to the legislative and judicial action concerning the State

bonds issued to the Planters' Bank, I herewith place in your hands the documents marked A.

The details and organization of the Trust I leave with you, only requesting that Mr. Winthrop may be chairman, and Governor Fish and Bishop McIlvaine Vice-Chairmen, of your body: and I give to you power to make all necessary by-laws and regulations; to obtain an Act of Incorporation, if any shall be found expedient; to provide for the expenses of the Trustees and of any agents appointed by them; and, generally, to do all such acts as may be necessary for carrying out the provisions of this Trust.

All vacancies occurring in your number by death, resignation, or otherwise, shall be filled by your election as soon as conveniently may be, and having in view an equality of representation so far as regards the Northern and Southern States.

I furthermore give to you the power, in case two-thirds the Trustees shall at any time, after the lapse of thirty years, deem it expedient, to close this Trust, and, of the funds which at that time shall be in the hands of yourselves and your successors, to distribute not less than two-thirds among such educational or literary institutions, or for such educational purposes, as they may determine, in the States for whose benefit the income is now appointed to be used. The remainder may be distributed by the Trustees for educational or literary purposes, wherever they may deem it expedient.

In making this gift, I am aware that the fund derived from it can but aid the States which I wish to benefit in their own exertions to diffuse the blessings of education and morality. But if this endowment shall encourage those now anxious for the light of knowledge, and stimulate to new efforts the many good and noble men who cherish the high purpose of placing our great country foremost, not only in power, but in the intelligence and virtue of her citizens, it will have accomplished all that I can hope.

With reverent recognition of the need of the blessing of Almighty God upon this gift, and with the fervent prayer that under His guidance your counsels may be directed for the highest good of present and future generations in our beloved country, I am, gentlemen, with great respect,

Your humble servant,

GEORGE PEABODY

Washington, Feb. 7, 1867

SOURCE: Curry, J. L. M., *A Brief Sketch of George Peabody and a History of the Peabody Education Fund Through Thirty Years*. John Wilson & Son, Cambridge, Mass., 1898, pp. 19-22.

John F. Slater Fund

[John F. Slater proposes a "general object which I desire to have exclusively pursued," suggests procedures, ratifies expenditures, grants investment freedom, provides for regular reporting, and permits eventual transfer of funds.]

To Messrs. Rutherford B. Hayes, of Ohio; Morrison R. Waite, of the District of Columbia; William E. Dodge, of New York; Phillips Brooks, of Massachusetts; Daniel C. Gilman, of Maryland; John A. Stewart, of New York; Alfred H. Colquitt, of Georgia; Morris K. Jesup, of New York; James P. Boyce, of Kentucky, and William A. Slater of Connecticut:

Gentlemen:

It has pleased God to grant me prosperity in my business, and to put into my power to apply to charitable uses a sum of money so considerable as to require the counsel of wise men for the administration of it.

It is my desire at this time to appropriate to such uses the sum of one million dollars (\$1,000,000.00); and I hereby invite you to procure a charter of incorporation under which a charitable fund may be held exempt from taxation and under which you shall organize; and I intend that the corporation as soon as formed, shall receive this sum in trust to apply the income of it according to the instructions contained in this letter.

The general object which I desire to have exclusively pursued, is the uplifting of the lately emancipated population of the Southern States, and their posterity, by conferring on them the blessings of Christian education. The disabilities formerly suffered by these people, and their singular patience and fidelity in the great crisis of the nation, establish a just claim on the sympathy and good will of humane and patriotic men. I cannot but feel the compassion that is due in view of their prevailing ignorance which exists by no fault of their own.

But it is not only for their own sake, but also for the safety of our common country, in which they have been invested with equal political rights, that I am desirous to aid in providing them with the means of such education as shall tend to make them good men and good citizens—education in which the instruction of the mind in the common branches of secular learning shall be associated with training in just notions of duty toward God and man, in the light of the Holy Scriptures.

The means to be used in the prosecution of the general object above described, I leave to the discretion of the corporation; only indicating

as lines of operation adapted to the present condition of things, the training of teachers from among the people requiring to be taught, if, in the opinion of the corporation, by such limited selection the purposes of the trust can be best accomplished; and the encouragement of such institutions as are most effectually useful in promoting this training of teachers.

I am well aware that the work herein proposed is nothing new or untried. And it is no small part of my satisfaction in taking this share in it, that I hereby associate myself with some of the noblest enterprises of charity and humanity, and may hope to encourage the prayers and toils of faithful men and women who have labored and are still laboring in this cause.

I wish the corporation which you are invited to constitute, to consist at no time of more than twelve members, nor of less than nine members for a longer period of time than may be required for the convenient filling of vacancies, which I desire to be filled by the corporation, and when found practicable, at its next meeting after the vacancy may occur.

I designate as the first President of the Corporation the Honorable Rutherford B. Hayes, of Ohio. I desire that it may have power to provide from the income of the fund, among other things, for expenses incurred by members in fulfillment of this trust, and for the expenses of such officers and agents as it may appoint, and generally to do all such acts as may be necessary for the carrying out of this trust. I desire, if it may be, that the corporation may have full liberty to invest its funds according to its own best discretion, without reference to or restriction by, any laws or rules, legal or equitable, of any nature, regulating the mode of investment of trust funds; only I wish that neither principal nor income be expended in land or buildings, for any other purpose than that of safe and productive investment for income. And I hereby discharge the corporation, and its individual members, so far as it is in my power so to do, of all responsibility, except for the faithful administration of this trust, according to their own honest understanding and best judgment. In particular, also, I wish to relieve them of any pretended claim on the part of any person, party, sect, institution or locality, to benefactions from this fund, that may be put forward on any ground whatever; as I wish every expenditure to be determined solely by the convictions of the corporation itself as to the most useful disposition of its gifts.

I desire that the doings of the corporation each year be printed and sent to each of the State Libraries in the United States, and to the Library of Congress.

In case the capital of the fund should become impaired, I desire that a part of the income, not greater than one-half, be invested, from year to year, until the capital be restored to its original amount.

I purposely leave to the corporation the largest liberty of making such changes in the methods of applying the income of the fund as shall seem from time to time best adapted to accomplish the general object herein defined. But being warned by the history of such endowments, that they sometimes tend to discourage rather than to promote effort and self-reliance on the part of beneficiaries; or to inure to the advancement of learning instead of the dissemination of it; or to become a convenience to the rich instead of a help to those who need help; I solemnly charge my trustees to use their best wisdom in preventing any such defeat of the spirit of this trust; so that my gift may continue to future generations to be a blessing to the poor.

If at any time after the lapse of thirty-three years from the date of this foundation it shall appear to the judgment of three-fourths of the members of this corporation that, by reason of a change in social conditions, or by reason of adequate and equitable public provision for education, or by any other sufficient reason, there is no further serious need of this fund in the form in which it is at first instituted, I authorize the corporation to apply the capital of the fund to the establishment of foundations subsidiary to then already existing institutions of higher education, in such wise as to make the educational advantages of such institutions more freely accessible to poor students of the colored race.

It is my wish that this trust be administered in no partisan, sectional, or sectarian spirit, but in the interest of a generous patriotism and an enlightened Christian faith; and that the corporation about to be formed, may continue to be constituted of men distinguished either by honorable success in business, or by services to literature, education, religion or the State.

I am encouraged to the execution in this charitable foundation of a long cherished purpose, by the eminent wisdom and success that has marked the conduct of the Peabody Education Fund in a field of operation not remote from that contemplated by this trust. I shall commit it to your hands, deeply conscious how insufficient is our best forecast to provide for the future that is known only to God; but humbly hoping that the administration of it may be so guided by divine wisdom, as to be, in its turn, an encouragement to philanthropic enterprise on the part of others, and an enduring means of good to our beloved country and to our fellow-men.

I have the honor to be, gentlemen,

Your friend and fellow-citizen,

JOHN F. SLATER

Norwich, Conn., March 4, 1882.

SOURCE: Southern Education Foundation, *Biennial Report for 1950-51—1951-52*. New York, pp. 98-102.

The Carnegie Foundation for the Advancement of Teaching

[Andrew Carnegie sets up a fund specifically for retiring pensions for teachers in institutions of higher education, but excludes tax-supported and sectarian colleges. He outlines trustee powers, permits limited change in the use of the funds, and includes "wife or daughter" in trustee travel expenses.]

New York, April 18, 1905

Gentlemen:

I have reached the conclusion that the least rewarded of all the professions is that of the teacher in our higher educational institutions. New York City generously, and very wisely, provides retiring pensions for teachers in her public schools and also for her policemen. Very few indeed of our colleges are able to do so. The consequences are grievous. Able men hesitate to adopt teaching as a career, and many old professors whose places should be occupied by younger men, cannot be retired.

I have, therefore, transferred to you and your successors, as Trustees, \$10,000,000, 5% First Mortgage Bonds of the United States Steel Corporation, the revenue from which is to provide retiring pensions for the teachers of Universities, Colleges, and Technical Schools in our country, Canada and Newfoundland under such conditions as you may adopt from time to time. Expert calculation shows that the revenue will be ample for the purpose.

The fund applies to the three classes of institutions named, without regard to race, sex, creed or color. We have, however, to recognize that State and Colonial Governments which have established or mainly supported Universities, Colleges or Schools may prefer that their relations shall remain exclusively with the State. I cannot, therefore presume to include them.

There is another class which states do not aid, their constitution in some cases even forbidding it, viz., Sectarian Institutions. Many of these established long ago, were truly sectarian, but today are free to all men of all creeds or of none—such are not to be considered sectarian now. Only such as are under the control of a sect or require Trustees (or a majority thereof), Officers, Faculty or Students, to belong to any specified sect, or which impose any theological tests, are to be excluded.

Trustees shall hold office for five years and be eligible for re-election. The first Trustees shall draw lots for one, two, three, four, or five year terms, so that one-fifth shall retire each year. Each institution participating in the Fund shall cast one vote for Trustees.

The Trustees are hereby given full powers to manage the Trust in every respect, to fill vacancies of non-ex-officio members; appoint executive committees; employ agents; change securities, and, generally speaking, to do all things necessary, in their judgment, to secure the most beneficial administration of the Funds.

By a two-thirds vote they may from time to time apply the revenue in a different manner and for a different, though similar purpose to that specified, should coming days bring such changes as to render this necessary in their judgment to produce the best results possible for the teachers and for education.

No Trustee shall incur any legal liability flowing from his Trusteeship. All travelling and hotel expenses incurred by Trustees in the performance of their duties shall be paid from the Fund. The expenses of a wife or daughter accompanying the Trustees to the Annual meeting are included.

I hope this Fund may do much for the cause of higher education and to remove a source of deep and constant anxiety to the poorest paid and yet one of the highest of all professions.

Gratefully yours,

(Signed) ANDREW CARNEGIE

SOURCE: Savage, Howard J., *Fruit of an Impulse: Forty-Five Years of The Carnegie Foundation, 1905-1950*. Harcourt, Brace and Company, New York, 1953, pp. 19-21.

Russell Sage Foundation

[Mrs. Russell Sage expresses in this letter certain desires relating to program, geographical allocations, types of investment, and trustee reimbursement for expenses.]

To the Trustees of the Russell Sage Foundation:

I have transferred to the Russell Sage Foundation securities and cash aggregating in value ten million dollars.¹ A schedule of the securities and cash so transferred accompanies this letter.

I give them to constitute a fund, the principal of which, as the same is now or may hereafter be invested according to the terms of this letter, shall be held, and the income thereof applied to the improvement of social and living conditions in the United States of America.

The act incorporating the Russell Sage Foundation was drawn under my direction. I refer to it as expressing the purposes for which I have made this gift and the powers which I intend the Foundation to have in its disposition.

I do not wish by this letter to enlarge or limit the powers given to the Foundation by its act of incorporation, or to impose any other or different duties upon its trustees than are put upon them by this act. It has seemed to me, however, appropriate to express certain desires to which I would wish the trustees of the Foundation to conform so far as they may from time to time deem expedient.

While the scope of the Foundation is intended to be national, it is my wish that special consideration should be given to the needs of my own city and its vicinity. I therefore request that at no time shall less than one-quarter of the income of the fund be applied exclusively to the benefit of the city of New York and its vicinity, and I also wish that at no time shall less than one-quarter of its income be applied generally to the United States at large or to the parts of it outside of the city of New York and its vicinity.

The scope of the Foundation is not only national but is broad. It should, however, preferably not undertake to do that which is now being done or is likely to be effectively done by other individuals or by other agencies. It should be its aim to take up the larger and more

¹ Increased by Mrs. Sage's bequest in 1918 to \$15,000,000.

difficult problems, and to take them up so far as possible in such a manner as to secure co-operation and aid in their solution.

In some instances it may wisely initiate movements, in the expectation of having them maintain themselves unaided after once being started. In other instances it may start movements with the expectation of carrying them on itself.

I have had some hesitation as to whether the Foundation should be permitted to make investments for social betterment which themselves produce income, as for instance small houses or tenements, in distinction from investments in securities intended only to produce income. I realize that investments for social betterment, even if producing some income, may not produce a percentage as large as that produced by bonds or like securities, and that the income of the Foundation might be therefore diminished by such investments. On the other hand, if I fail to give the Foundation powers in this respect it may be unable to initiate or establish important agencies or institutions.

I decide to authorize the trustees of the Foundation to invest the principal of the fund, to the extent of not more at any one time than one-quarter¹ of its entire amount, directly in activities, agencies, or institutions established and maintained for the improvement of social and living conditions, provided that such investments shall, in the opinion of the trustees, be likely to produce an annual income of not less than three per cent.

I also wish to authorize the trustees to invest and reinvest the principal of the fund given by me in any of the following manners:

- a.* In any of the kinds or classes of securities included in my gift.
- b.* In the mortgage bonds of any railroad or other corporations which have continuously paid dividends on their common stock at the rate of not less than four per cent per annum, for a period of not less than five years preceding the investment.
- c.* In the preferred stocks of any such companies.
- d.* In any stocks of companies guaranteed by any such companies.
- e.* In any securities in which savings banks or trustees may be authorized to invest at the time of the investment.

The authority to invest given by this letter is a condition attached to my gift and is intended to vest that power in the trustees of the Foundation without reference to any law or laws which may now or hereafter limit the power of trustees or charitable corporations in this particular.

¹ On January 19, 1911, Mrs. Sage amended her Letter of Gift to increase this proportion to one-half.

I am conscious of the burden necessarily placed upon the trustees in accepting office, and I do not wish to add to that burden by involving them in any expense. I therefore direct that travelling and hotel expenses incurred by the trustees in the performance of their duties shall be paid from the income of the fund.

Yours sincerely,

MARGARET OLIVIA SAGE

New York, April 19, 1907

SOURCE: This document and the circumstances surrounding it are detailed in Glenn, John M., Lilian Brandt, and F. Emerson Andrews, *Russell Sage Foundation, 1907-1946*. 2 vols. Russell Sage Foundation, New York, 1947, pp. 18-19, 54, 667-668.

Twentieth Century Fund

[Edward A. Filene sets up a "tentative concrete plan," with more detailed recommendations promised for a future time. Later letters correct the perpetual status inadvertently indicated in the initial correspondence.]

March 30, 1922

To the Trustees of the Co-operative League:

I have transferred to the Co-operative League securities aggregating \$417,200 a memorandum of which accompanies this letter.

I have made this transfer for the purpose of creating the nucleus of a fund, the income of which shall be applied to the purposes enumerated in the Certificate of Incorporation or any amendments thereto.

In the practical working out of the purposes of the Co-operative League, it is my wish, as far as is consistent with these purposes:

- a. That the Tentative Concrete Plan that has been drawn up under the title of Twentieth Century Fund shall be followed so far as practically possible. A copy thereof is attached to this letter.
- b. That industrial democracy and other plans for better and more just relations between employers and employees, as they are or may be developed, shall be studied and assisted; and that such movements among the employees of the Wm. Filene's Sons Company shall have the special attention and help of the Trustees.

It is my purpose at a future time to make more detailed recommendations of the objects to which aid shall be given in carrying out the purposes of the League, without undertaking, however, to limit the powers of the Trustees under the Certificate of Incorporation or any amendment thereto.

Very truly yours,
(Signed) EDWARD A. FILENE

* * *

April 24, 1934

To the Trustees of the Twentieth Century Fund, Inc.:

On May 4, 1932, I addressed the following communication to you:

"In a letter of gift to the Trustees of the Co-operative League (now the Twentieth Century Fund, Inc.) dated March 30, 1922, transferring to the corporation securities aggregating \$417,200 par value, I used the following phrase:

'the income of which shall be applied to the purposes enumerated in the Certificate of Incorporation or any amendments thereto.'

"The fact has been pointed out to me that this condition would operate to make the Fund perpetual, which is not my wish. It is my desire that after twenty-five (25) years from the date of transfer, that is, on or after March 30, 1947, the Trustees shall have full power at their discretion to use the principal as well as the income of the Fund for the purposes specified, and I modify the terms of my gift accordingly by authorizing the corporation to use principal as well as income after March 30, 1947.

"I now wish further to modify the terms of my gift by authorizing the use by the corporation of the principal as well as the income of this gift, provided, first, that such action be by unanimous vote of the Trustees, and provided, further, that such action be taken only in the event of the curtailment of the income of the Fund from other sources, in which case the capital may be drawn on only to the extent necessary to make the income of the Fund for any fiscal year \$150,000."

I now wish to modify further both of these previous decisions, as follows:

"I hereby authorize the Twentieth Century Fund, Inc., to make such use of the entire principal, amounting to \$458,974, as shown in the 1934 audit, as may be decided upon by unanimous vote of the Trustees."

Yours very truly,
(Signed) EDWARD A. FILENE

SOURCE: Twentieth Century Fund, Official Minutes Books.

John Simon Guggenheim Memorial Foundation

[In explaining how this Foundation was created Senator Guggenheim makes clear the special purposes Mrs. Guggenheim and he had in mind. He gives his trustees considerable freedom in handling the funds and in eventual change of purpose.]

New York City, N. Y.,
March 26, 1925.

To the Trustees of John Simon Guggenheim Memorial Foundation and their successors:

Gentlemen:

I have asked you and you have kindly consented to act as Trustees of this new corporation, and, to enable it to carry out its corporate purposes, I have assigned and transferred to it securities aggregating in value approximately three million dollars, by deed of gift. That deed is absolute, and no expression in this letter is intended to limit it, or to convert it from an absolute gift to a gift in trust. I have desired that the Memorial Foundation should enjoy the powers of an absolute owner in regard to the investment of the fund, and should not be limited as trustees are limited.

The name John Simon Guggenheim embodied in the title is that of a dearly loved son who was cut off by death on April 26, 1922, just as he had completed his preparation for college. In this great sorrow, there came to Mrs. Guggenheim and myself a desire in some sense to continue the influence of the young life of eager aspiration by establishing a foundation which in his name should, in the words of the charter, "promote the advancement and diffusion of knowledge and understanding, and the appreciation of beauty, by aiding without distinction on account of race, color or creed, scholars, scientists and artists of either sex in the prosecution of their labors."

The purposes of the Foundation were designedly made very broad in the charter, and to the specification of the means through which those purposes were to be attained there was designedly added power in the Trustees from time to time, as they deem it proper, to employ other lawful means to attain the same object. This course has been followed because no one can foresee the future, and limitations which seem wise today might become impracticable or injurious in later years. No man

of wisdom would seek perpetually to bind you and your successors to fixed plans and methods involving fixed studies, causes, places or institutions. The history of funds for special purposes has shown the folly of attempting to petrify the ideas of the present, and I have no desire to do so; nor do I wish in this letter in any way to limit the power to use this fund conferred upon you and your successors by the charter. Yet it seems to me appropriate that I should indicate to you those general purposes and policies, within the scope of the charter, to which I wish you and your successors to conform as long as is deemed best. If, at some distant time, it seems wisest, in the careful judgment of the Trustees, to change or disregard them, you have here a statement of my wish that you do so; you will conform best to my wishes by using your own good judgment.

It is Mrs. Guggenheim's and my desire, in memory of our son, through the agency of this Foundation, to add to the educational, literary, artistic and scientific power of this country, and also to provide for the cause of better international understanding. Our thought was that the income of the fund devoted to these purposes should be used to provide opportunities for both men and women to carry on advanced study in any field of knowledge, or in any of the fine arts, including music; and that systematic arrangements should be made to assure these opportunities under the freest possible conditions, and to make available for the public benefit the results of such studies. Believing as we do that such opportunities may be found in every country of the world, we purposely make no specification of locality, domestic or foreign, for the pursuit of these aims. All these questions of method are subjects upon which you will exercise your discretion, and you have wisely provided in the Constitution of the Foundation for an Educational Advisory Board which will aid you by suggestions and advice based upon special familiarity with the field of education.

The endowment which I am now making carries with it the expectation that in the ordinary course it will be kept invested and the income applied to the corporate purposes, so that the work and influence of the Foundation will be continuous and permanent; but no limitation is placed upon the lawful authority of the Trustees and their successors to apply the principal of the fund, or any part of it, in case an emergency shall arise which makes a change of policy advisable in the judgment of the Trustees. We are confident that you would not use the power to deplete the principal except in a distinct emergency, and it is our hope that the principal always may be maintained intact.

We strongly hope that this Foundation will advance human achievement by aiding students to push forward the boundaries of understanding, and will enrich human life by aiding them in the cultivation of

beauty and taste. If, at the close of our lives, looking both backward and forward, we can envision an endless succession of scholars, scientists, and artists aided by the John Simon Guggenheim Memorial Foundation, devoting themselves to these purposes, we shall feel that, with the help of our associates, we shall have accomplished the aim which we had set before us, in memory of our son.

Yours very sincerely,
(Signed) SIMON GUGGENHEIM

SOURCE: *John Simon Guggenheim Memorial Foundation: Charter, Letter of Gift, Constitution and By-Laws*. The Foundation, New York, 1925.

Julius Rosenwald Fund

[Mr. Rosenwald incorporated his Fund in 1917 as a family foundation. A decade later he changed it from a personal to a corporate enterprise, enlarged the Board, and accompanied a new gift with a letter stating his views on liquidation of the Fund.]

Chicago, Ill.
April 30, 1928

Trustees, Julius Rosenwald Fund:

Gentlemen:

I am happy to present herewith to the Trustees of the Julius Rosenwald Fund certificate for twenty thousand shares of the stock of Sears, Roebuck and Company.

When the Julius Rosenwald Fund was created and sums of money turned over, it was provided that the principal as well as the income might be spent from time to time at the discretion of the Trustees and it was my expectation from the beginning that the entire principal should be spent within a reasonable period of time. My experience is that Trustees controlling large funds are not only desirous of conserving principal but often favor adding to it from surplus income.

I am not in sympathy with this policy of perpetuating endowments and believe that more good can be accomplished by expending funds as Trustees find opportunities for constructive work than by storing up large sums of money for long periods of time. By adopting a policy of using the Fund within this generation, we may avoid those tendencies toward bureaucracy and a formal or perfunctory attitude toward the work which almost inevitably develop in organizations which prolong their existence indefinitely. Coming generations can be relied upon to provide for their own needs as they arise.

In accepting the shares of stock now offered, I ask that the Trustees do so with the understanding that the entire fund in the hands of the Board, both income and principal, be expended within twenty-five years of the time of my death.

Sincerely yours,
JULIUS ROSENWALD

SOURCE: Embree, Edwin R., and Julia Waxman, *Investment in People: The Story of the Julius Rosenwald Fund*. Harper and Bros., New York, 1949, pp. 30-31.

Josiah Macy, Jr. Foundation

[In this letter the donor indicates a field, outlines a broad philosophy, and closes with specific suggestions of types of grants to be considered and those to be discouraged.]

To the Directors of the Josiah Macy, Jr. Foundation

Gentlemen:

To enable the Josiah Macy, Jr. Foundation to initiate and carry on its work I am arranging now to transfer to it a fund consisting of certain cash and securities referred to in a letter from me to it bearing even date herewith.

I realize that every generation has its problems and must use its own intelligence and resources for their solution, and therefore do not wish to determine in detail what may be in the future the best charitable uses to which the income from this fund should be applied within the limits of the purposes for which it is given. While this should and is to be within the discretion of you and your successors, I hope that insofar as it may appear advisable and expedient to do so you will devote the income from this fund as opportunity may offer in accordance with the following expression of my wishes with regard thereto.

It is my desire that the Foundation in the use of this gift should concentrate on a few problems rather than support many undertakings, and that it should primarily devote its interest to the fundamental aspects of health, of sickness and of methods for the relief of suffering; in particular to such special problems in medical sciences, medical arts and medical education as require for their solution studies and efforts in correlated fields as well, such as biology and the social sciences. To these ends the Foundation might give preference in the use of this fund to integrating functions in medical sciences and medical education for which there seems to be particular need in our age of specialization and technical complexities. Believing, as I do, that no sound structure of social or cultural welfare can be maintained without health, that health is more than freedom from sickness, that it resides in the wholesome unity of mind and body, I hope that your undertaking may help to develop, more and more, in medicine, in its research, education and ministry of healing, the spirit which sees the center of all its efforts in the patient as an individuality.

I desire that this gift may enable the Foundation to find especial usefulness in studying problems and investigating opportunities which do not require the setting up of institutions, laboratories, or permanent agencies of its own but which may be promoted in cooperation with other foundations, universities, colleges, committees of experts, schools, learned societies and other established agencies of research and education with the aim of supporting the development of integrating ideas and methods, in seeking out promising new paths of approach to a better understanding and a wiser direction of human affairs concerned with social-minded health-care and education. I therefore hope that in making use of this gift the Foundation will also support sound movements of this character which, being new and in their early developments, do not perhaps receive sufficient support.

Experience seems to show that in an enlightened democracy, private organized philanthropy serves the purposes of human welfare best, not by replacing functions which rightfully should be supported by our communities but by investigating, testing and demonstrating the value of newer organized ideas for sustained undertakings from which may gradually emerge social functions which in turn should be taken over and maintained by the public. I hope, therefore, that the Foundation will take more interest in the architecture of ideas than in the architecture of buildings and laboratories.

I have faith in the power of human intelligence to relieve much of our social distress by reconciling growing knowledge with tested beliefs and I cherish the hope that the Foundation's best endowment may be its spirit in which it will help in the task of building finer personalities—creation's highest promise.

Meanwhile I am adding here several suggestions which I would like to have you consider in regard to the charitable uses to be made of the income from the cash and securities covered by this present gift to the Foundation:

1. To grant aid in such a way as to provide supervision of the proposed work by university-departments, well established hospitals, scientific institutions and other responsible agencies of social usefulness.
2. To support causes which promote human welfare in its larger aspects, which remove the underlying causes of evil rather than its effects, which will nourish the sources of the good in mankind, and will help secure permanence in constructive philanthropic policies.
3. To stimulate and recognize exceptional services toward purposes sponsored by the Foundation through appropriate scholarships, awards and rewards.

I should discourage for the present at least grants for the purposes of the following types:

- (a) Charitable aid to individuals or families for personal needs.
- (b) Financial aid for merely local purposes or relief work in case of fire, flood, earthquake or other disasters.
- (c) Undertakings which in the opinion of the Directors should be supported by municipal, state or federal government.
- (d) Current budgets for the ordinary purposes of institutions, and
- (e) Partisan or sectarian movements.

* * *

Yours very sincerely,
(Signed) KATE MACY LADD

April 24, 1930

SOURCE: Copy supplied by the Foundation in 1958.

Grantland Rice Fellowship Fund

[In this case a simple letter from a donor (who wishes to remain anonymous) to his own bank does the whole job of setting up a memorial fellowship for journalists in honor of Grantland Rice. The Fund was created as a part of The New York Community Trust, with responsibility lodged in the trustee with respect to investments and in the Distribution Committee of that Trust relative to appropriations.]

May 21, 1951

Guaranty Trust Company of New York, Trustee
140 Broadway
New York 15, New York

Gentlemen:

Reference: The New York Community Trust

Grantland Rice Fellowship Fund

To be employed exclusively for public charitable uses and purposes I transmit to you herewith, as Trustee, the following securities:

34 shs. common stock Fulton Bag & Cotton Mills (Certif. No. 5036)
34 shs. common stock Fulton Bag & Cotton Mills (Certif. No. 7798)
200 shs. common stock National Distillers Products Corp. (Certif. Nos.
C221307/308)
100 shs. common stock Standard Oil Company (New Jersey) (Certif.
No. B520696)
10 shs. common stock Standard Oil Company (New Jersey) (Certif.
No. CC54168)
12 shs. common stock Standard Oil Company (New Jersey) (Certif.
No. 3064339)
14 shs. common stock Standard Oil Company (New Jersey) (Certif.
No. CC559440)
14 shs. common stock Standard Oil Company (New Jersey) (Certif.
No. CC810060)

These securities are to partially constitute the above mentioned Grantland Rice Fellowship Fund, to be held and administered as part of The New York Community Trust, pursuant to all the terms contained in the Resolution and Declaration of Trust creating The New York Community Trust heretofore adopted by Guaranty Trust Com-

pany of New York, which Resolution is hereby incorporated in, and made a part of, this communication as fully and with like effect as if herein set forth at length.

The Trustee of this Fund is hereby empowered to invest and reinvest the same without being limited to the acquisition or retention of securities in which trust funds may be lawfully invested, my wish and direction being that the Trustee may exercise, in such investment and reinvestment, as complete discretion as if the full ownership of this Fund were in said Trustee and I further stipulate that no penalty shall attach to said Trustee by reason of any fallibility of its judgment in the choice or retention of any of said investments.

In accordance with the terms of said Resolution and Declaration of Trust and for the guidance of the Distribution Committee of said New York Community Trust, I express the desire that, from the proceeds of this Fund, the Grantland Rice Fellowship in Journalism be annually awarded, beginning with the scholastic year 1951-52. Subject to the discretion of said Distribution Committee I recommend that this Fellowship be granted for the scholastic year 1951-52 to a student or prospective student in the Graduate School of Journalism at Columbia University, New York City.

While I anticipate that the proceeds of this Fund will be sufficient to finance the Fellowship hereinabove recommended, I nevertheless hereby provide that the Distribution Committee of The New York Community Trust may appropriate, at any time, or from time to time, for distribution for the public charitable and educational uses aforesaid, such portion of the corpus of this Fund as may be deemed necessary or advisable by said Distribution Committee. It is hereby provided further that either I or any other donor may at any time make further contributions to this Fellowship Fund, on terms conforming to those hereinabove set forth.

Please acknowledge receipt of the aforelisted securities by signing and returning to me the attached copy of this letter.

Yours sincerely,
[Name withheld]

SOURCE: Copy of letter from The New York Community Trust, 1957.

Other Documents

THE NINE PRECEDING CHAPTERS contain legal instruments relating to the initiation or organizational structure of foundations. This chapter pertains to operation. Only four documents are included, each covering a different operational procedure. None of these is offered as ideal, to be slavishly copied. Each has grown out of wide experience in the foundation presenting the document, covers aspects of the problem the unwary might overlook, and is worth careful study.

First is The Field Foundation's suggestions to grant applicants as to the form their application should take, the points it should cover, and the kinds of grants not within its scope. A very few foundations have specifications as detailed as these,¹ others make brief general statements in their annual reports or explanatory booklets; many more offer no printed guidance. Next is the form used by the Alfred P. Sloan Foundation to notify applicants that a grant has been made, and to formalize the general and perhaps special conditions surrounding the grant. Third is the documentation The Ford Foundation sends to its consultants, clarifying the agreement, and taking care of payment procedures and insurance. Since on many occasions foundations may need to consider arrangements with publishers, either on their own behalf or that of their grantees, we have included as the final item the agreement of The Commonwealth Fund with Harvard University Press.

¹ For other examples see Andrews, *Philanthropic Foundations*, pp. 181-184.

The Field Foundation, Inc.

[A printed application form for grants has usually been found unsuited to the highly varied conditions encountered in such relationships. But some foundations, including The Field Foundation, supply an outline indicating the types of information desired.]

GRANTS

Form of Application

The Field Foundation prefers that the request for a grant be mailed to the foundation office. There are no application forms, but the board of directors looks for this information in each application:

1. Name and address of tax exempt organization which will be the recipient if a grant is made.
2. Relationship of individual signing the application to the applicant organization.
3. Amount asked and specific purpose.
4. Significance—that is, what the grant is expected to accomplish.
5. The need or problem, including the background.
6. The proposed solution and method of approach to the problem. (In the case of scientific research, the hypothesis)
7. Use to which the findings will be put, including plans to publish or publicize results.
8. Relationship of this proposal to the foundation's program as discernible in its recent published reports.
9. Endorsement of request by qualified individuals.
10. A detailed budget showing how the requested grant would be spent.
11. Length of time for which the foundation's aid will be needed. Include a schedule indicating most desirable time to start and terminate grant.
12. If you are going to add staff to carry out this project, what qualifications will the staff need and what evidence is there that they are available.
13. A copy of the ruling from the U. S. Treasury granting Federal tax exemption.

Applications for grants should be addressed to Mr. Maxwell Hahn at 250 Park Avenue, New York 17, N. Y.

The Foundation holds two or three meetings each year to make grants. It is in the applicant's interest to prepare and send in his project proposal promptly. This will permit the Foundation to become thoroughly familiar with all of the supporting data in advance of action upon the request.

Limitations

Among the categories which the Foundation generally views as outside its scope are:

- Annual Campaigns—national or local—including community chests, hospitals and welfare agency federations
- Building Funds and Endowment
- Deficits and Ordinary Expense Budgets
- Individual Assistance
- Loans
- Medical Research and Programs for the Prevention and Treatment of Disease Which Is Primarily Physical or Somatic
- Propaganda and Efforts to Influence Legislation
- Scholarships and Fellowships.

SOURCE: Copy supplied by The Field Foundation, 1957.

Alfred P. Sloan Foundation, Inc.

[Where grants are numerous some foundations have printed notification forms, including information to the grantee concerning the form of announcement, whether and when reports are desired, and other pertinent matters. The Alfred P. Sloan Foundation sends out the form reproduced below (for science grants, one with slight variations) accompanied by a personal letter giving any special directions and perhaps discussing possible publicity.]

ALFRED P. SLOAN FOUNDATION, INC.

630 Fifth Avenue—New York 20, N.Y.

GRANT-IN-AID

Grantee:

Identification of project:

Amount of grant: \$

Period covered:

Checks to be to the order of:

Checks to be mailed to:

Proposed payment dates:

This form is to be signed by a qualified executive officer of the grantee organization. Signature of such officer will indicate acceptance by the grantee organization of all terms and conditions set forth on this and the accompanying pages.

Grantee Officer's
Signature

Date Title

For Foundation use. Do not write below this line.

Authorized No.

Page 1 of pages

GENERAL CONDITIONS

1. **SPECIFIC PROJECT.** The funds provided by the Foundation under the terms of this grant are for the express purpose of carrying on the project identified on page 1, and shall be so designated on the records of the grantee.
2. **BUDGET.** If this grant is based upon a detailed expense budget, a copy of same is included as part of this document. No changes may be made in budget allocations as submitted unless permission of the Foundation is first obtained. The Foundation assumes no obligation for expenditures made or obligations assumed in excess of the amount of the grant.
3. **ACCOUNTING RECORDS.** A systematic record will be kept by the grantee of the actual expenses incurred. This record will be itemized in the same manner as the budget, and vouchers consisting of bills, cancelled checks, receipts, etc., will be kept as evidence of expenditures made.
4. **REPORTS.** The grantee will, at the end of the period specified, make a financial report to the Foundation setting forth in parallel columns, item by item, the original budget, with such changes as have been authorized, if any, and the actual expenses incurred. If the period of the grant is more than one year, such a report will be made annually.
5. **UNUSED FUNDS.** If the grant is made for a specific period, any funds remaining unexpended at the end of that period shall be returned to the Foundation except in those cases where the grantee has received special permission to extend the term of the grant.
6. **AUDIT.** The Foundation reserves the right to audit the records of the grantee insofar as these records relate to the disposition of funds granted by the Foundation.
7. **PUBLICITY.** The grantee in its various operations or its relations with the public will refrain from any action which might convey the impression that the grantee, its officers, or employees are representatives of the Foundation.
8. **TAX EXEMPTION.** The grantee warrants that it is a non-profit, tax-exempt organization and agrees that if its tax exemption is withdrawn it will notify the Foundation immediately of such withdrawal. The grantee also agrees that withdrawal of tax exemption will terminate any obligation of the Foundation to make further payments under this grant.

SPECIAL CONDITIONS

[Occupies full page]

Page of pages

ALFRED P. SLOAN FOUNDATION, INC.

BUDGET

Item No.	Description	Amount	Totals
	[Occupies full page]		

Page of pages

ALFRED P. SLOAN FOUNDATION, INC.

SOURCE: Copies supplied by Alfred P. Sloan Foundation, Inc., in 1957.

The Ford Foundation

[Many foundations have occasion to hire consultants on a temporary basis. Such arrangements can lead to misunderstandings and difficulties if they are not regularized. The Ford Foundation uses an exchange of letters to confirm the appointment and the terms and a Certificate of Time Worked as a basis for payment. These documents follow.]

[APPOINTMENT LETTER]

THE FORD FOUNDATION

477 Madison Avenue
New York 22, N.Y.

(Date)

Name

Address

.....
.....

Dear _____:

I am pleased to confirm your appointment as a consultant for the period _____ to _____ to serve in connection with the _____ program. The period of this appointment may be extended by mutual agreement in writing.

Your compensation will be at the rate of \$_____ per day, and, reimbursement will be based on the submission of Certification of Time Worked forms (enclosed).

You may obtain reimbursement for expenses incurred during the period of this agreement as indicated on the attached memorandum, and, for your convenience a supply of travel expense forms is enclosed. A copy of the travel expense form should be retained in connection with your personal income tax returns.

In addition, the Foundation carries a \$50,000 business travel insurance policy on consultants traveling on Foundation business. Please designate your beneficiary on the attached form.

We trust the terms of this appointment meet with your approval; and, if so, we would appreciate your signing and returning the original and one copy of this letter. An additional copy is enclosed for your own records.

Sincerely yours,
VERNE S. ATWATER
Director of Administration

Enclosures

Confirmed and accepted this
____ day of _____, 1957

THE FORD FOUNDATION

General Terms of Consultant Agreements

1. *Availability of Services.* The consultant agrees that he will be available to The Ford Foundation at such times and places as the Foundation may request during the term of the agreement to render the services described in the individual letter agreement, except that it is understood that if the consultant is regularly employed by another organization, such other organization will have prior call upon his services. Where the consultant is not regularly employed by another organization, The Ford Foundation shall have first call on the consultant's services described in the letter of agreement. In all cases, the consultant will be free to work for other organizations if his services are not required by the Foundation.

2. *Nature of Relationship.* It is understood that you are not an employee of the Foundation, that you are being retained by us as an independent consultant, and that you shall not represent yourself otherwise than as set forth herein, or act as our agent except as authorized by us in writing. You agree that, during or after the term of this agreement, you will not represent yourself as speaking for or on behalf of The Ford Foundation, or make public information relating to the plans of the Foundation, its affiliated organizations or its grantees, which shall not have been previously announced by the Foundation. Unless otherwise specifically agreed to between us, you shall be subject to the standard administrative policies and procedures established by The Ford Foundation regarding independent consultants.

3. *Copyrights.* You agree that you will promptly disclose and assign to The Ford Foundation all rights, including patents and copyrights, in any literary or other material which you shall discover or originate during the period of this agreement growing out of activities and services called for under this agreement.

4. *Term of Agreement.* The term of the consultant's agreement is shown in the individual letter agreement and will remain in effect unless otherwise cancelled, modified or extended by mutual agreement expressed in writing; provided that the obligations of the consultant pursuant to paragraphs 2 and 3 above shall survive the expiration of the letter agreement.

5. *Expenses.* The Ford Foundation shall reimburse consultants for expenses necessarily incurred by him in connection with furnishing services pursuant to his agreement with the Foundation, but the Foundation will not reimburse the consultant for any payments made by him in obtaining the services of other persons to assist him in his work

for the Foundation unless such payments have been previously approved by the Foundation in writing.

6. *Modification of Terms.* The terms outlined above may be modified in particular instances provided that such modification is agreed to in writing as a part of the basic individual letter agreement.

FF No. 53

11/2/56

THE FORD FOUNDATION
CERTIFICATE OF TIME WORKED
(CONSULTANTS)

I certify that I have worked during the month of _____ (Date) _____
_____ to _____, 19____ in connection with _____

(Signature of Consultant)

If you are a non-resident of the State of New York, please complete the following statement: Of the total worked, as stated above,

1. _____ days pertain to services rendered within the State of New York:
2. _____ days pertain to services rendered outside the State of New York.

(Send check to

(this address: _____

APPROVAL: _____
Vice President or Designate

FF-003A 4/1/56

The Commonwealth Fund

[Foundations face a difficult problem in deciding whether, and how, their funds should go into dissemination of findings that result from research they have financed. A few devote no funds to such purposes; several have set up full publishing departments of their own. The Commonwealth Fund has made this Agreement with Harvard University Press.]

AGREEMENT

AGREEMENT by and between THE COMMONWEALTH FUND of New York City, a membership corporation organized and existing under the laws of the State of New York (hereinafter called the "Owner"), and the PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a Massachusetts corporation, which conducts the Harvard University Press in the City of Cambridge, Massachusetts (hereinafter called the "Publisher").

WHEREAS, it is the wish of the Owner to have the Publisher from time to time publish and distribute for it certain educational books and to distribute for it certain educational books already published by the Owner, and whereas the Publisher is willing to do so in so far as said publication and distribution may conform to its practices and standards;

Now, THEREFORE, the parties do agree as follows:

(1) The Owner covenants that it has or will have full power to make an agreement with the Publisher covering all phases of the publication and distribution of each book it offers in manuscript or printed form to the Publisher, and covenants further that each such book contains or shall contain nothing of a scandalous, immoral or libelous nature and that it does not or will not infringe, in whole or in part, upon any proprietary right or copyright. The Owner further covenants to hold the Publisher harmless and fully indemnified against all damages, costs and expenses, including counsel fees, incurred by the Publisher as a result of any claim or proceeding asserted or brought against the Publisher on the ground that any part of any such work contains libelous or otherwise unlawful or injurious matter and to undertake legal defense against all such claims, at its expense, immediately upon request of the Publisher.

(2) When the Owner shall determine that a manuscript offered to it falls into one of the educational fields in which the Owner customarily operates and that said manuscript meets the Owner's standards of

publishable quality, the Owner will submit said manuscript to the Publisher for its consideration. Acceptance or rejection of said manuscript for publication and distribution will be made by a vote of the Board of Syndics of the Publisher, whose function and responsibility it will be to make certain that each such manuscript shall meet the Publisher's standards of quality and educational importance.

(3) Upon submission by the Owner to the Publisher of any manuscript for publication, the Owner will advise the Publisher as to the royalties, if any, which will be payable to the author thereof and the acceptance of each such manuscript by the Publisher for publication and distribution will constitute a covenant by it to pay such royalties to the author.

(4) Upon acceptance by the Publisher of any manuscript submitted to it by the Owner, the Publisher will submit to the Owner an estimate of the cost of manufacturing and promoting the sale of said work and thereafter will not proceed with the manufacture or promotion of said work until and unless the Owner has agreed that it shall do so. After such agreement on the part of the Owner, the Publisher will submit to the Owner and to the author of said work a Memorandum of Agreement which will serve as a record of the specific obligations of Owner, Publisher, and author with respect to the publication of said work. All of the provisions of the present agreement shall apply to the publication of said work except as such provisions may be expressly modified or cancelled by said Memorandum of Agreement.

(5) In the case of each manuscript accepted for publication by the Owner and the Publisher, it shall be the responsibility of the Owner to prepare the manuscript for the printer to the satisfaction of the Publisher and to make the design of publishing style and format. It shall be the responsibility of the Publisher to judge, approve, and if desirable alter said design, and to arrange for and supervise the typesetting, printing, and binding of each such manuscript in book form.

(6) The Publisher shall have the sole responsibility for the distribution of each work accepted and published in the manner described above, except that the Owner and the Publisher shall agree as to the number of copies of each such work which shall be turned over to the Owner for free distribution by the Owner. Although the Publisher shall have the authority and responsibility as to the choice of typesetter, printer, and binder of each work, it is mutually agreed that the Publisher will, as far as may be desirable, continue to trade with the typesetter, printers, and binders who have been suppliers of services and materials to the Owner to the date of this Agreement. The storage of all printed sheets and bound copies of each said work shall be the responsibility of the Publisher.

(7) A list price and a discount schedule for dealers and others for each said work shall be established by mutual agreement between the Owner and the Publisher but it is mutually understood that in case of failure to agree the Owner shall have the right to establish the list price and the Publisher shall have the right to establish the discount schedule.

(8) Receipts from the sales of each said work shall be the property of the Publisher, but it is mutually understood and agreed that 40 per cent of said receipts shall be used by the Publisher for its expenses of operation and that the remainder, after the payment of author's royalties if any, shall be used by the Publisher for the manufacture and promotion of books offered to the Publisher by the Owner and accepted by the Publisher. Said remainder of receipts shall be credited to two Funds owned by the Publisher but used for the purposes mentioned, four-fifths to be credited to a Fund for Future Manufacture, and the remaining one-fifth to be credited to a Fund for Future Promotion.

(a) The expenses of operation of the Publisher shall be considered to include normal costs of distribution including handling and mailing of review and promotion copies. However, in the event that the Owner shall request the Publisher to make special distributions of free copies of any said work outside of normal review and promotion channels, it is mutually agreed that the Publisher shall charge all costs of postage plus ten cents (\$.10) per copy for each copy so specially distributed against the Fund for Promotion mentioned in paragraph (8) above.

(9) The cost of manufacture of each said work shall consist of all actual sums paid to others by the Publisher for said manufacture plus 5 per cent of the total of all such actual sums. Said cost of manufacture of each said work either in its first printing or in a second or subsequent printing, shall be the responsibility of the Owner, but it is mutually agreed that the Publisher shall meet said cost of manufacture as far as may be possible out of the sums owned by them and credited to the Fund for Future Manufacture mentioned in paragraph (8) above.

(10) The cost of promoting the sale of each said work shall also be the responsibility of the Owner, but it is also mutually agreed that the Publisher shall meet said cost of promotion as far as may be possible out of the sums owned by it and credited to the Fund for Promotion mentioned in paragraph (8) above.

(11) Whenever the sums credited to the Fund for Future Manufacture or in the Fund for Promotion mentioned in paragraphs (8), (9), and (10) above, shall not be sufficient to meet the cost of manufacture

of any said work or the cost of promotion of any said work, the Publisher shall so notify the Owner and the Owner shall pay to the Publisher the excess cost of manufacture or promotion as the case may be, said payment in each case to be made within thirty days of such notification.

(12) With reference to the existing unsold stock of books already published by the Owner, it is the wish of the Owner to give said stock to the Publisher and it is the wish of the Publisher to accept said stock in so far as the books already published shall be determined by the Board of Syndics of the Publisher to meet the Publisher's standards of quality and educational importance. The Publisher hereby acknowledges receipt of a list of all books previously published by the Owner, said list indicating the number of unbound sheets and bound copies of each said book now on hand. The Publisher agrees to make known to the Owner before June 30, 1951 the titles of the books previously published by the Owner which the Publisher will accept as meeting its standards of quality and educational importance. The Publisher agrees also to take possession of all such accepted books on or before said date of June 30, 1951, said books to be marked on the title page and jacket, if any, by a rubber stamp or other suitable device to indicate the ownership and sponsorship of the Publisher.

(13) The Owner has advised the Publisher of all agreements as to payment of royalties, if any, existing between the Owner and the authors of the books appearing on the list referred to in paragraph (12) hereof, and the Publisher agrees that as to all such books accepted by it for distribution, including subsequent printings thereof, it will pay to the authors thereof the royalties, if any, specified in such agreements on sales made on or after July 1, 1951.

(14) Receipts from sales of all such books previously published by the Owner (including subsequent printings thereof) shall become the property of the Publisher and shall be used by it in the same proportions and for the same purposes, including payment of author's royalties, if any, as are set forth in paragraph (8) above.

(15) The Owner shall be free to dispose in any way it may see fit of any manuscript submitted by it to the Publisher but not accepted by the Board of Syndics of the Publisher or of any printed sheets or bound copies of books already published by the Owner and offered as a gift to the Publisher but not accepted by the Board of Syndics of the Publisher.

The term of this Agreement shall be from the date of execution thereof until July 1, 1953, and it shall be automatically renewed for further

periods of two years each unless terminated by notice in writing given by either party to the other not less than six months prior to the end of any term.

THE COMMONWEALTH FUND

By_____

PRESIDENT AND FELLOWS OF
HARVARD COLLEGE

By_____

[Date of execution]

SOURCE: Copy of the Agreement supplied by The Commonwealth Fund, 1957. 6 pp.

APPENDICES

A P P E N D I X A

Selected Bibliography

[*Extensive bibliographies on philanthropy in general, and also with special reference to foundations, are available.*¹ *Included here are a few selected references in three fields.*]

A. LEGAL REFERENCES

This list includes standard reference volumes and certain articles in law journals concerning recent developments.

BOGERT, GEORGE GLEASON, *The Law of Trusts and Trustees*. West Publishing Co., St. Paul, 1953, vol. 2A. 568 pp. A comprehensive work containing extensive materials on charitable trusts.

"Proposed Legislation Regarding State Supervision of Charities," *Michigan Law Review*, vol. 52, March, 1954, pp. 633-658. A review of recent developments relating to this important area of public control.

CASEY, WILLIAM J., J. K. LASSER, AND WALTER LORD, *Tax Planning for Foundations and Charitable Giving*. Business Reports, Inc., Roslyn, N.Y., 1953. 234 pp. A useful though by no means definitive study of tax aspects of foundation activity. Heavy emphasis on the practical.

CHOMMIE, JOHN C., "Federal Income Taxation: Transactions in Aid of Education," *Dickinson Law Review*, vol. 58, March, 1954, pp. 189-218; June, 1954, pp. 291-326. Comprehensive treatment of the impact of the tax law on all aspects of education.

¹ See especially *Report of the Princeton Conference on the History of Philanthropy in the United States*, Russell Sage Foundation, New York, 1956, pp. 41-84; and Andrews, F. Emerson, *Philanthropic Foundations*, Russell Sage Foundation, New York, 1956, pp. 355-387.

EATON, BERRIEN C., JR., "Charitable Foundations, Tax Avoidance and Business Expediency," *Virginia Law Review*, vol. 35, November, 1949, pp. 809-861; December, 1949, pp. 987-1051. A survey of the uses and abuses of tax exemptions and deductions for philanthropy by business organizations and individuals, prior to the Revenue Act of 1950.

"Charitable Foundations and Related Matters Under the 1950 Revenue Act," *Virginia Law Review*, vol. 37, January, 1951, pp. 1-54; February, 1951, pp. 253-296. Review of the provisions of the Revenue Act of 1950 intended to eliminate abuses of the charitable exemption and deduction.

FISCH, EDITH L., *The Cy Près Doctrine in the United States*. Matthew Bender and Co., Albany, 1950. 275 pp. Full and careful study of the statutory and judicial treatment of *cy près*, whereby the purposes of a philanthropic organization may be changed with official approval.

HILL, SIDNEY B., "Charities, Charitable Trusts and Foundations," *The Record of the Association of the Bar of the City of New York*, vol. 10, February, 1955, pp. 83-88. A bibliography prepared by the Librarian of the New York Bar Association.

NEWMAN, EDWIN S., *Law of Philanthropy*. Legal Almanac Series. Oceana Publications, New York, 1955. 96 pp. This pamphlet treats briefly federal and state laws governing charitable giving, fund-raising, foundations, and trusts. Law for the layman.

REPORT OF THE COMMITTEE ON THE LAW AND PRACTICE relating to Charitable Trusts. Cmd. 8710. Her Majesty's Stationery Office, London, 1952. 251 pp. Penetrating report of the Lord Nathan Committee on the present status of British charitable trusts, with recommendations for the future.

GOVERNMENT POLICY ON CHARITABLE TRUSTS IN ENGLAND AND WALES. Cmd. 9538. Her Majesty's Stationery Office, London, 1955. 15 pp. A statement of the government's position on the recommendations of the Lord Nathan Committee, listed *supra*.

SCOTT, AUSTIN WAKEMAN, *The Law of Trusts*. Second Edition, in 5 vols. Little, Brown and Co., Boston, 1956. 4,056 pp. This outstanding work covers the entire field of trusts. It contains a comprehensive chapter on charitable trusts, Chapter 11 in Volume IV.

SUGARMAN, NORMAN A., "Current Issues in the Use of Tax-Exempt Organizations," *Taxes*, The Tax Magazine, December, 1956, pp. 795-808. A short treatment of some of the current issues of tax exemption, including controversial "educational" activity, and foundation-donor relations.

TAYLOR, ELEANOR K., *Public Accountability of Foundations and Charitable Trusts*. Russell Sage Foundation, New York, 1953. 231 pp. Provisions within various states and in federal legislation for recording, reporting, and reviewing the activities of foundations and trusts, and the need for self-regulation.

THIELE, RICHARD H., JR., "Corporation Giving: Some Legal Aspects," *Rutgers Law Review*, vol. 8, No. 3, 1953-1954, pp. 527-540. A fine short review of legal developments and problems related to corporate giving.

B. FOUNDATIONS AND PHILANTHROPY

Here are listed some general books, government reports, and one periodical dealing with foundations.

AMERICAN FOUNDATIONS NEWS. American Foundations Information Service, New York. A periodical begun in 1949, reporting foundation grants, activities, and related matters.

ANDREWS, F. EMERSON, *Philanthropic Foundations*. Russell Sage Foundation, New York, 1956. 459 pp. A general study of modern foundations, with sections on their types, programs, trustees, finances, staffs, fields of activity, and reporting.

COMPANY-SPONSORED FOUNDATIONS. Studies in Business Policy, No. 73. National Industrial Conference Board, New York, 1955. 80 pp. Excellent brief treatise on corporation foundations, their advantages, how to establish and operate them. Includes five case studies.

FLEXNER, ABRAHAM, WITH ESTHER S. BAILEY, *Funds and Foundations: Their Policies, Past and Present*. Harper and Bros., New York, 1952. 146 pp. Criticism of modern foundation practices in comparison with an allegedly more golden age.

KEPPEL, FREDERICK PAUL, *The Foundation: Its Place in American Life*. Macmillan Co., New York, 1930. 113 pp. An excellent brief general discussion of the foundation, its varieties and its functions, by the former president of Carnegie Corporation of New York.

KIGER, JOSEPH C., *Operating Principles of the Larger Foundations*. Russell Sage Foundation, New York, 1954. 151 pp. Motivating factors in foundation development, a critical survey by the research director for the Cox Committee.

LINDEMAN, EDUARD C., *Wealth and Culture: A Study of One Hundred Foundations and Community Trusts and Their Operations During the Decade 1921-1930*. Harcourt, Brace and Co., New York, 1936. 135 pp. A philosophical and factual discussion, with extensive tables.

LOOMIS, FRANK D., *Community Trusts of America, 1914-1950*. National Committee on Foundations and Trusts for Community Welfare, Chicago, 1950. 52 pp. A useful pamphlet summarizing development in the community trust movement during thirty-six years.

PROCEEDINGS OF NEW YORK UNIVERSITY SECOND BIENNIAL CONFERENCE ON PROBLEMS OF THE CHARITABLE FOUNDATION. Matthew Bender and Co., Albany, 1955. 280 pp. Includes addresses of 19 speakers at the 1955 Conference conducted at New York University on legal and general foundation problems.

PROCEEDINGS OF NEW YORK UNIVERSITY THIRD BIENNIAL CONFERENCE ON CHARITABLE FOUNDATIONS. Edited by Henry Sellin. Matthew Bender and Co., Albany, 1957. 251 pp. Further discussion of legal and administrative problems by 20 lawyers, foundation administrators, and educational leaders.

RICH, WILMER SHIELDS, *American Foundations and Their Fields, VII*. American Foundations Information Service, New York, 1955. 744 pp. Contains a directory and statistical summaries.

U.S. CONGRESS, HOUSE OF REPRESENTATIVES. *Hearings Before the Select (Cox) Committee to Investigate Tax-Exempt Foundations and Comparable Organizations*. 82d Congress, 2d Session. Government Printing Office, Washington, 1953. 792 pp. Exceedingly informing volume, with testimony from leaders of nearly all the large foundations, and a few of their detractors.

Final Report of the Select Committee to Investigate Foundations and Other Organizations. 82d Congress, 2d Session. House Report No. 2514. Government Printing Office, Washington, 1953. 15 pp. The findings of the so-called Cox Committee, balanced and informing.

Hearings Before the Special (Reece) Committee to Investigate Tax-Exempt Foundations and Comparable Organizations. Part I. 83d Congress, 2d Session. Government Printing Office, Washington, 1954. 943 pp. Extensive testimony by the Committee's staff and witnesses selected by them; the Hearings were closed before any foundation witness was permitted to testify.

Hearings, Part II. 83d Congress, 2d Session. Government Printing Office, Washington, 1954, pp. 945-1241. Reprints the written replies of some of the major foundations, with additional material from the Committee.

Report of the Special (Reece) Committee to Investigate Tax-Exempt Foundations and Comparable Organizations. 83d Congress, 2d Session. House

Report No. 2681. Government Printing Office, Washington, 1954. 432 + 163 pp. This voluminous report repeats much of the initial testimony, includes the sharply contradictory Minority Views, and adds an index to both the Reece and Cox Hearings.

C. INDIVIDUAL FOUNDATIONS

For recent activities of a given foundation, consult the latest *Report*, which most of the larger foundations issue annually or biennially. The following histories (and one program proposal) offer a comprehensive picture of the foundations concerned, and are of some general interest.

EMBREE, EDWIN R., AND JULIA WAXMAN, *Investment in People: The Story of the Julius Rosenwald Fund*. Harper and Bros., New York, 1949. 291 pp. Full and final record of the Rosenwald Fund.

FORD FOUNDATION, *Report of the Study for The Ford Foundation on Policy and Program*. The Foundation, Detroit, 1949. 139 pp. Prepared for the guidance of a particular foundation, but an important document of general value.

FOSDICK, RAYMOND B., *The Story of The Rockefeller Foundation*. Harper and Bros., New York, 1952. 336 pp. A semiofficial history of great general interest.

GLENN, JOHN M., LILIAN BRANDT, AND F. EMERSON ANDREWS, *Russell Sage Foundation, 1907-1946*. 2 vols. Russell Sage Foundation, New York, 1947. 746 pp. An official history that throws light on many social developments in its four decades.

KELLOGG (W. K.) FOUNDATION, *The First Twenty-Five Years: The Story of a Foundation*. The Foundation, Battle Creek, 1956. 259 pp. A report attempting "to capsule some of the more than 1,500 projects and programs which have been assisted by the Foundation" between 1930 and 1955.

RICHARDS, WILLIAM C., AND WILLIAM J. NORTON, *Biography of a Foundation: The Story of the Children's Fund of Michigan, 1929-1954*. The Fund, 1957. 195 pp. How Senator Couzens' Fund, with a 25-year limitation, developed and closed its program.

SAVAGE, HOWARD J., *Fruit of an Impulse: Forty-Five Years of The Carnegie Foundation, 1905-1950*. Harcourt, Brace and Co., New York, 1953. 407 pp. Enlightening history of one foundation with material of general value.

A P P E N D I X B

Forms

FORM 1023.	Exemption Application.	302
FORM 990-A.	Return of Organization Exempt from Income Tax, Section 501 (c) (3)	304
FORM 1041-A.	Information Return on Trust Accumulations by a Trust Claiming Contributions Deduction under Section 642 (c)	308

FORM 1023 Rev. Apr. 1955	U. S. TREASURY DEPARTMENT—INTERNAL REVENUE SERVICE EXEMPTION APPLICATION <i>(To be made only by a principal officer of the organization claiming exemption)</i>	To be filed with the District Director for your District.
For use of organizations applying for exemption under section 501(a) and described in section 501(c) (3) of the Internal Revenue Code of 1954, which are organized and operated exclusively for one of the following purposes (check purpose(s)):		
<div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Religious <input type="checkbox"/> Educational </div> <div> <input type="checkbox"/> Charitable <input type="checkbox"/> For the prevention of cruelty to children or animals </div> <div> <input type="checkbox"/> Scientific <input type="checkbox"/> Literary </div> <div> <input type="checkbox"/> Testing for Public Safety </div> </div>		
If the space provided for the insertion of information or data under any of the questions below is inadequate for the purposes, additional sheets may be used which should be properly identified and securely attached hereto.		
1. FULL NAME OF ORGANIZATION		2. DATE OF APPLICATION
3. COMPLETE ADDRESS (Number and street, post office box, etc.)		
4a. IS THE ORGANIZATION INCORPORATED? <input type="checkbox"/> Yes <input type="checkbox"/> No	4b. IF INCORPORATED, UNDER LAWS OF WHAT STATE?	4c. DATE OF INCORPORATION
4d. IF NOT INCORPORATED, STATE THE MANNER OF ORGANIZATION		4e. DATE OF ORGANIZATION
5a. IS THE ORGANIZATION THE OUTGROWTH OR CONTINUATION OF ANY FORM OF PREDECESSOR? <input type="checkbox"/> Yes <input type="checkbox"/> No	5b. IF SO, STATE NAME OF PREDECESSOR	
5c. PERIOD DURING WHICH IT WAS IN EXISTENCE	5d. SUBMIT COPIES OF ALL PAPERS BY WHICH THE TRANSFER OF ASSETS, IF ANY, WAS EFFECTED	
5e. HAS ORGANIZATION FILED FEDERAL INCOME TAX RETURNS? <input type="checkbox"/> Yes <input type="checkbox"/> No	5f. IF SO, STATE RETURN FORM NUMBER	5g. YEAR OR YEARS FILED
7. STATE BRIEFLY THE SPECIFIC PURPOSES FOR WHICH THE ORGANIZATION WAS FORMED (Do not quote from, or make reference to, the articles of incorporation or bylaws for this purpose.)		
8a. IS CAPITAL STOCK ISSUED AND OUTSTANDING? <input type="checkbox"/> Yes <input type="checkbox"/> No	8b. IF SO, STATE (A) CLASS OR CLASSES OF SUCH STOCK, (B) THE NUMBER AND PAR VALUE OF THE SHARES, (C) THE CONSIDERATION FOR WHICH ISSUED, AND (D) WHETHER OR NOT ANY DIVIDENDS OR INTEREST HAS BEEN OR MAY BE PAID ON ANY CLASS OF SUCH STOCK.	
9a. HAS ANY DISTRIBUTION OF CORPORATE PROPERTY EVER BEEN MADE TO SHAREHOLDERS OR MEMBERS? <input type="checkbox"/> Yes <input type="checkbox"/> No	9b. IF SO, ATTACH HERETO A SEPARATE STATEMENT CONTAINING FULL DETAILS THEREOF, INCLUDING (1) AMOUNTS OR VALUE, (2) SOURCE OF FUNDS OR PROPERTY DISTRIBUTED, AND (3) BASIS OF AND AUTHORITY FOR DISTRIBUTION	
10. STATE ALL SOURCES FROM WHICH THE ORGANIZATION'S INCOME IS DERIVED		
11a. DOES ANY PART OF THE RECEIPTS REPRESENT PAYMENT FOR SERVICES OF ANY CHARACTER RENDERED BY THE ORGANIZATION? <input type="checkbox"/> Yes <input type="checkbox"/> No	11b. IF SO, EXPLAIN IN DETAIL	
12. STATE ALL THE ACTIVITIES IN WHICH THE ORGANIZATION IS PRESENTLY ENGAGED		
13. EXPLAIN IN DETAIL EACH FUND-RAISING ACTIVITY AND EACH BUSINESS ENTERPRISE ENGAGED IN, ACCOMPANIED BY COPIES OF ALL AGREEMENTS, IF ANY, WITH OTHER PARTIES FOR THE CONDUCT OF THAT BUSINESS		
14. WHAT, IF ANY, SPECIFIC ACTIVITIES OF THE ORGANIZATION HAVE BEEN DISCONTINUED? (Explain fully, giving dates of commencement and termination and the reasons for discontinuance.)		

10-15127-10

15a. IS THE ORGANIZATION NOW, OR HAS IT EVER BEEN, ENGAGED IN CARRYING ON PROPAGANDA, OR OTHERWISE EITHER ADVOCATING OR OPPOSING PENDING OR PROPOSED LEGISLATION? <input type="checkbox"/> Yes <input type="checkbox"/> No	15b. IF SO, FURNISH A DETAILED EXPLANATION OF SUCH ACTIVITIES, AND FURNISH COPIES OF LITERATURE, IF ANY, DISTRIBUTED BY THE ORGANIZATION							
16a. DOES THE ORGANIZATION PARTICIPATE IN OR INTERVENE IN (INCLUDING THE FURNISHING OR DISTRIBUTING OF STATEMENTS) ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR PUBLIC OFFICE? <input type="checkbox"/> Yes <input type="checkbox"/> No	16b. IF SO, FURNISH A DETAILED EXPLANATION AND COPIES OF LITERATURE DISTRIBUTED							
17. FOR WHAT PURPOSES, OTHER THAN IN PAYMENT FOR SERVICES RENDERED OR SUPPLIES FURNISHED, AND THE ORGANIZATION'S FUNDS EXPENDED? IF CONTRIBUTIONS, GIFTS, ETC., WERE MADE TO OTHER ORGANIZATIONS, ATTACH LIST.								
18a. ARE ANY PAYMENTS MADE TO MEMBERS OR SHAREHOLDERS FOR SERVICES RENDERED TO THE ORGANIZATION? <input type="checkbox"/> Yes <input type="checkbox"/> No								
18b. IF SO, ATTACH DETAILED EXPLANATION SHOWING AMOUNT SO PAID AND THE CHARACTER OF THE SERVICES RENDERED								
19. DOES ANY PART OF THE NET INCOME OF THE ORGANIZATION INURE TO THE BENEFIT OF ANY PRIVATE SHAREHOLDERS OR INDIVIDUAL? <input type="checkbox"/> Yes <input type="checkbox"/> No								
20a. IF THE ORGANIZATION IS A HOSPITAL, STATE WHETHER IT ACCEPTS PATIENTS IN NEED OF HOSPITAL CARE WHO CANNOT PAY FOR SUCH SERVICES <input type="checkbox"/> Yes <input type="checkbox"/> No	20b. FOR THE LAST COMPLETE YEAR OF OPERATION, STATE NUMBER OF PATIENT DAYS OF TREATMENT OF	(1) FULL PAY PATIENTS	(2) PART PAY PATIENTS	(3) CHARITY PATIENTS (admitted as such)				
21. IN THE EVENT OF THE DISSOLUTION OF THE ORGANIZATION, WHAT DISPOSITION WOULD BE MADE OF ITS PROPERTY?								
22. AFTER JULY 1, 1950, DID THE CREATOR OF YOUR ORGANIZATION, OR A CONTRIBUTOR TO YOUR ORGANIZATION, OR A BROTHER OR SISTER (WHOLE OR HALF BLOOD), SPOUSE, ANCESTOR, OR LINEAL DESCENDANT OF SUCH CREATOR OR CONTRIBUTOR, OR A CORPORATION OWNED (50 PERCENT OR MORE OF VOTING STOCK OR 50 PERCENT OR MORE OF VALUE OF ALL STOCK) DIRECTLY OR INDIRECTLY BY SUCH CREATOR OR CONTRIBUTOR—IF ANSWER TO ANY OF THE FOLLOWING IS "YES," ATTACH DETAILED STATEMENT.								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Yes</th> <th style="width: 50%;">No</th> </tr> </table>	Yes	No	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Yes</th> <th style="width: 50%;">No</th> </tr> </table>	Yes	No	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Yes</th> <th style="width: 50%;">No</th> </tr> </table>	Yes	No
Yes	No							
Yes	No							
Yes	No							
A. BORROW ANY PART OF YOUR INCOME OR CORPUS?	C. HAVE ANY PART OF YOUR SERVICES MADE AVAILABLE TO HIM?	E. SELL ANY SECURITIES OR OTHER PROPERTY TO YOU?						
B. RECEIVE ANY COMPENSATION FOR PERSONAL SERVICES FROM YOU?	D. PURCHASE ANY SECURITIES OR OTHER PROPERTY FROM YOU?	F. HAVE ANY PART OF YOUR INCOME OR CORPUS DIVERTED TO HIM BY ANY TRANSACTION?						
23. ATTACH TO THIS APPLICATION								
A. A classified statement of receipts and expenditures during the last complete year of operation.	incorporated, a copy of your constitution, articles of association, declaration of trust, or other document setting forth your aims and purposes (conformed copies should be furnished).							
B. A complete statement of assets and liabilities as of the end of the last complete year of operation.	D. A copy of your bylaws or other similar code of regulations.							
C. If incorporated, a copy of your articles of incorporation, or if not incorporated, a copy of your constitution, articles of association, declaration of trust, or other document setting forth your aims and purposes (conformed copies should be furnished).	E. A copy of each lease, if any, in which you are the lessee or lessor of property (real, personal, gas, oil, or mineral) or in which you own an interest under such lease, together with copies of all agreements with other parties for development of the property.							
24. If exemption is claimed as an exclusively educational organization and a regular curriculum and faculty are not normally maintained and a regularly organized body of pupils or students is not normally in attendance at the place where the educational activities are regularly carried on, there should be attached specimen copies of any books, pamphlets, leaflets, or other printed matter issued or distributed during the latest complete year of operations.								

SIGNATURE AND VERIFICATION

I, the undersigned, president, vice president, treasurer, assistant treasurer, chief accounting officer (or other duly authorized officer) of the organization for which this application is made, declare under the penalties of perjury that this application (including any accompanying statements) has been examined by me and is, to the best of my knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the Internal Revenue Code and the regulations thereunder.

(Date)	(Signature of officer)	(Title)
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IMPORTANT

A mere claim or contention by an organization that it is exempt from income tax under section 501 (a) of the Internal Revenue Code of 1954 and the corresponding provisions of prior revenue acts will not relieve the organization from filing income tax returns and paying the tax. Unless the Commissioner has determined that an organization is exempt, it must prepare and file a complete income tax return for each taxable year of its existence. Accordingly, every organization that claims to be exempt should furnish the information and data specified herein, together with any other facts deemed material to the question, with the least possible delay, in order that the Commissioner can determine whether or not it is exempt. As soon as practicable after the information and data are received, the organization will be advised of the Commissioner's determination, and, the annual returns which will be required.

U. S. Treasury Department—Internal Revenue Service
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX
Section 501 (c) (3) of Internal Revenue Code of 1954

NOTICE.—The law requires that certain information required on this return be made available to the public. Pages 3 and 4 are designed for this purpose and must be submitted as part of your return.

FOR CALENDAR YEAR Or other taxable year beginning , 19 , and ending , 19
Please type or print plainly

Legal name of organization Address (number, street, city or town, postal zone, and State)

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

Line No.

GROSS INCOME

1. Gross sales or receipts from business activities..... \$.....
2. Less: Cost of goods sold or of operations (Attach itemized statement).....
3. Gross profit from business activities..... \$.....
4. Interest.....
5. Dividends.....
6. Rents and royalties.....
7. Gain (or loss) from sale of assets, excluding inventory items (See instruction 2).....
8. Other income (Attach itemized statement)..... \$.....
9. Total gross income (lines 1 to 8, incl.)..... \$.....

INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME

10. Compensation of officers, directors, trustees, etc. (Attach statement showing name, position, salary, and time devoted to position)..... \$.....
11. Salaries and wages (other than amounts shown on line 10). Number of employees.....
12. Interest.....
13. Taxes.....
14. Rent.....
15. Depreciation (and depletion) (Attach schedule).....
16. Miscellaneous expenses (Attach itemized statement).....
17. Total expenses (lines 10 to 16, incl.)..... \$.....

DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME

18. Administrative and operating expenses (not included above)..... \$.....
19. Contributions, gifts, grants, etc.: (Attach list showing each class of activity for which disbursements were made with separate total for each. Also show to whom paid. If made to individuals related by blood, marriage, or adoption to any person having an interest in the organization such as director, trustee, officer, donor, etc., state relationship.)..... \$.....
20. Accumulation of income within the year (line 9 less the sum of lines 17, 18, and 19)..... \$.....
21. Aggregate accumulation of income at beginning of the year.....
22. Accumulation of income at end of the year (line 20 plus line 21)..... \$.....

DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT

23. Administrative and operating expenses..... \$.....
24. Contributions, gifts, grants, etc.:
 - (a) Paid out in prior years..... \$.....
 - (b) Paid out within the year (Attach list showing each class of activity for which disbursements were made with separate total for each. Also show to whom paid. If made to individuals related by blood, marriage, or adoption to any person having an interest in the organization such as director, trustee, officer, donor, etc., state relationship.)..... \$.....

RECEIPTS NOT REPORTED ELSEWHERE ON THIS FORM

25. Contributions, gifts, grants, etc., received (See instruction 3)..... \$.....

SIGNATURE AND VERIFICATION (See instruction 8)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

(Date) (Signature of officer) (Title) CORPORATE SEAL

I declare under the penalties of perjury that I prepared this return for the person named herein and that this return (including any accompanying schedules and statements) is, to the best of my knowledge and belief, a true, correct, and complete return based on all the information relating to the matters to be reported in this return of which I have any knowledge.

(Date) (Individual or firm signature) (Address) 60-10-53779-7

Schedule A.—BALANCE SHEETS (See Instruction 6)

	Beginning of Year		End of Year	
	Amount	Total	Amount	Total
ASSETS				
1. Cash.....				
2. Notes and accounts receivable.....				
Less: Reserve for bad debts.....				
3. Inventories.....				
4. Investments in governmental obligations.....				
5. Investments in nongovernmental bonds, etc.....				
6. Investments in corporate stocks.....				
7. Other investments (itemize).....				
8. Capital assets:				
(a) Depreciable (and depletable) assets (Attach itemized schedule).....				
Less: Reserve for depreciation (and depletion).....				
(b) Land.....				
9. Other assets (itemize).....				
10. Total assets.....				
LIABILITIES				
11. Accounts payable.....				
12. Bonds, notes, and mortgages payable:				
(a) With original maturity of less than 1 year.....				
(b) With original maturity of 1 year or more.....				
13. Other liabilities (itemize).....				
14. Total liabilities.....				
NET WORTH				
15. Capital stock:				
(a) Preferred stock.....				
(b) Common stock.....				
16. Membership certificates.....				
17. Paid-in or capital surplus (or donated capital if a trust).....				
18. Surplus reserves (itemize).....				
19. Earned surplus and undivided profits.....				
20. Total net worth.....				
21. Total liabilities and net worth.....				

1. Date of exemption letter.....
2. State nature of activities (Attach detailed statement)
3. Have you filed a tax return on Form 990-T for this year? ☐ Yes ☐ No
 If "Yes," where filed?.....
- Unrelated business gross income reported..... \$.....
4. What is the legal form of your organization (corporation, trust, unincorporated association, etc.)?.....
5. If successor to previously existing organization(s), give name(s) and address(es) of the predecessor organization(s).....
6. Was a Form 990-A filed for the preceding year? ☐ Yes ☐ No
 If "Yes," where filed?.....
7. If you have capital stock issued and outstanding, state with respect to each class of stock—
- (a) The number of shares outstanding.....
- (b) The number of shares held by individuals.....
- (c) The number of shares held by organizations.....
- (d) The number of shareholders at end of year.....
- (e) Whether any dividends may be paid..... ☐ Yes ☐ No
8. If you acquired capital assets out of income, attach itemized list and amount thereof.....
9. Have any changes not previously reported to the Internal Revenue Service been made in your articles of incorporation or bylaws or other instruments of similar import? ☐ Yes ☐ No
 If "Yes," attach a copy of the amendments in duplicate.....
10. Have you had any source of income or engaged in any activities not previously reported to the Internal Revenue Service? ☐ Yes ☐ No
 If "Yes," attach detailed statement in duplicate.....

11. Did you hold any real property for rental purposes with respect to which there is an indebtedness incurred in acquiring the property or in making improvements thereto or which was acquired subject to a mortgage or similar lien? ☐ Yes ☐ No
 If "Yes," attach detailed statement in duplicate.....
12. Have you during the year either advocated or opposed (including the publishing or distributing of statements) any legislation, national, State, or local? ☐ Yes ☐ No
 If "Yes," attach a detailed statement of such activities.....
13. Have you during the year participated in, or intervened in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office? ☐ Yes ☐ No
 If "Yes," attach a detailed statement of such activities.....
14. After July 1, 1950, did—
- The creator of your organization, or
 A contributor to your organization, or
 A brother or sister (whole or half blood), spouse, ancestor, or lineal descendant of such creator or contributor, or
 A corporation owned (50 percent or more of voting stock or 50 percent or more of value of all stock) directly or indirectly by such creator or contributor
- (a) Borrow any part of your income or corpus? ☐ Yes ☐ No
- (b) Receive any compensation for personal services from you? ☐ Yes ☐ No
- (c) Have any part of your services made available to him? ☐ Yes ☐ No
- (d) Purchase any securities or other property from you? ☐ Yes ☐ No
- (e) Sell any securities or other property to you? ☐ Yes ☐ No
- (f) Receive any of your income or corpus in other transactions? ☐ Yes ☐ No
- If answer to any question is "Yes," attach detailed statement in duplicate.....

FORM 990-A
(Rev. Oct. 1957)U. S. Treasury Department—Internal Revenue Service
RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX
Section 501 (c) (3) of Internal Revenue Code of 1954NOTICE.—The law requires that certain information required on this return be made available to the public.
This page and page 4 are designed for this purpose and must be submitted as part of your return.FOR CALENDAR YEAR Or other taxable year beginning , 19 , and ending , 19
Please type or print plainly

Legal name of organization

Address (number, street, city or town, postal zone, and State)

This return must be filed on or before the 15th day of the fifth month following the close of the annual accounting period. Return must be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.

Line No.

GROSS INCOME

1. Gross sales or receipts from business activities..... \$.....
2. Less: Cost of goods sold or of operations..... \$.....
3. Gross profit from business activities..... \$.....
4. Interest.....
5. Dividends.....
6. Rents and royalties.....
7. Gain (or loss) from sale of assets, excluding inventory items.....
8. Other income.....
9. Total gross income (lines 1 to 8, incl.)..... \$.....

INCURRED EXPENSES ATTRIBUTABLE TO GROSS INCOME

10. Compensation of officers, directors, trustees, etc..... \$.....
11. Salaries and wages (other than amounts shown in line 10). Number of employees.....
12. Interest.....
13. Taxes.....
14. Rent.....
15. Depreciation (and depletion).....
16. Miscellaneous expenses.....
17. Total expenses (lines 10 to 16, incl.)..... \$.....

DISBURSEMENTS MADE WITHIN THE YEAR OUT OF CURRENT OR ACCUMULATED INCOME FOR PURPOSES FOR WHICH EXEMPT, AND ACCUMULATION OF INCOME

18. Administrative and operating expenses (not included above)..... \$.....
19. Contributions, gifts, grants, etc.: (Attach list showing each class of activity for which disbursements were made with separate total for each.)..... \$.....
20. Accumulation of income within the year (line 9 less the sum of lines 17, 18, and 19)..... \$.....
21. Aggregate accumulation of income at beginning of the year..... \$.....
22. Accumulation of income at end of the year (line 20 plus line 21)..... \$.....

DISBURSEMENTS MADE OUT OF PRINCIPAL FOR PURPOSES FOR WHICH EXEMPT

23. Administrative and operating expenses..... \$.....
24. Contributions, gifts, grants, etc.:
(a) Paid out in prior years..... \$.....
(b) Paid out within the year: (Attach list showing each class of activity for which disbursements were made with separate total for each.)..... \$.....

Schedule A.—BALANCE SHEETS (See Instruction 6)

	Beginning of Year		End of Year	
	Amount	Total	Amount	Total
ASSETS				
1. Cash.....				
2. Notes and accounts receivable.....				
Less: Reserve for bad debts.....				
3. Inventories.....				
4. Investments in governmental obligations.....				
5. Investments in nongovernmental bonds, etc.....				
6. Investments in corporate stocks.....				
7. Other investments (itemize).....				
8. Capital assets:				
(a) Depreciable (and depletable) assets.....				
Less: Reserve for depreciation (and depletion).....				
(b) Land.....				
9. Other assets (itemize).....				
10. Total assets.....				
LIABILITIES				
11. Accounts payable.....				
12. Bonds, notes, and mortgages payable:				
(a) With original maturity of less than 1 year.....				
(b) With original maturity of 1 year or more.....				
13. Other liabilities (itemize).....				
14. Total liabilities.....				
NET WORTH				
15. Capital stock:				
(a) Preferred stock.....				
(b) Common stock.....				
16. Membership certificates.....				
17. Paid-in or capital surplus (or donated capital if a trust).....				
18. Surplus reserves (itemize).....				
19. Earned surplus and undivided profits.....				
20. Total net worth.....				
21. Total liabilities and net worth.....				

GENERAL INSTRUCTIONS

1. An annual statement of gross income, receipts, disbursements, etc., on this form, is required by law of every organization which is exempt from tax as described in section 501 (c) (3) of the Code, excepting only (1) a religious organization; (2) an educational organization if it normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; (3) a charitable organization, or an organization for the prevention of cruelty to children or animals, if supported in whole or in part by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; (4) or an organization operated, supervised, or controlled by or in connection with a religious organization described in section 501 (c) (3). The law also requires that the information called for on pages 3 and 4 be filed and that such information be made available to the public. The law provides penalties for failure to furnish this information.

2. Attach a detailed statement showing with respect to each piece of property sold: (a) Date acquired and manner of acquisition; (b) Gross sales price; (c) Cost or other basis (value at time of acquisition, if donated); (d) Expense of sale and cost of improvements subsequent to acquisition; (e) Depreciation since acquisition; and (f) Gain or loss—(b) plus (e) minus the sum of (c) and (d).

3. In all cases where line 25, page 1, includes money or property amounting to \$100 or more, which was received directly or indirectly from one person, in one or more transactions during the year, itemized schedules showing the total amount received from and the name and address of each such person shall be attached to this return. (The term "person" includes individuals, fiduciaries, partnerships, corporations, associations, and other organizations.)

4. Expenses may be divided between lines 10 through 16, page 1, and lines 18 and 23, page 1, on the basis of accounting records. If such records do not provide for this division, expenses may be divided

on any reasonable basis, such as an approximation of the use of a facility or the time spent by an individual.

5. Activities in lines 19 and 24 (b), page 1, should be classified according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, for laboratory construction, for fellowships, or for assistance to indigent families should be so identified.

The detailed list of organizations and individuals to whom payments were made as well as other itemized statements called for on page 1 should be attached to page 2. Attach to page 4, a list showing each class of activity for which disbursements were made with separate total for each.

6. The balance sheets, Schedule A, should agree with the books of account or any differences should be reconciled.

7. In all cases where line 6, Schedule A, includes 10 percent or more of any class of stock of any corporation, attach a list to page 2 showing the name of the corporation, the number of shares of each type of stock owned (including information indicating whether the stock is voting or nonvoting), and the value of the stock as recorded in the books and included in line 6.

8. Signature and verification.—The return must be signed either by the president, vice-president, treasurer, assistant treasurer or chief accounting officer, or by any other officer authorized to sign. A receiver, trustee, or assignee must sign any return which he is required to file on behalf of a corporation. The statement at the bottom of page 1 of the return is required to be signed by any person, firm, or corporation who prepared the taxpayer's return. If the return is prepared by a firm or corporation, it should be signed in the name of the firm or corporation. The statement is not required if the return is prepared by a regular, full-time employee.

9. For further information see regulations under sections 6033, 501 (a), and 6104 of the Internal Revenue Code.

Form 990-T.—Section 511 of the Code imposes a tax in case of certain organizations described in sections 401 (a) and 501 (c) (2), (3), (5), and (6), on income derived (a) from operation of a business enterprise which is unrelated to the purpose for which such organization received an exemption or (b) from certain rentals from property leased to others. Such income and tax are to be reported on Form 990-T, copies of which may be obtained from the District Director of Internal Revenue.

Form 1099.—Every organization engaged in a trade or business making payments in the course of such trade or business of interest, rents, commissions, salaries or wages, or other fixed or determinable income (including allowances for expenses) of amounts of \$600 or more during the calendar year shall make returns on Forms 1096 and 1099, except that the making of such return will not be required with respect to the portion of any salary or wage payments reported on Form W-2. (See Rev. Rul. 56-176, CB 1956-1, p. 560.)

UNITED STATES
INFORMATION RETURN ON TRUST ACCUMULATIONS

Page 1

BY A TRUST CLAIMING CONTRIBUTIONS DEDUCTION UNDER SECTION 642 (c) OF THE INTERNAL REVENUE CODE OF 1954
(To be made available to the public as required by section 6104 of the Internal Revenue Code of 1954)

FOR CALENDAR YEAR

or Fiscal Year Beginning and Ending

<p>This return must be filed on or before the 15th day of the 4th month following the close of the taxable year of the trust. Return must be filed with the District Director for the district in which the fiduciary resides or has his principal place of business.</p>	PRINT PLAINLY NAME AND ADDRESS OF TRUST		(Date received)
	(Give name of trust in full)		
	(Street and number)		
	(City or town)	(Postal zone number)	(State)

Item No.	GROSS INCOME	
1.	Gross sales or receipts from business activities	\$
2.	Less: Cost of goods sold or of operations (attach itemized statement)	\$
3.	Gross profit from business activities	\$
4.	Interest	
5.	Dividends	
6.	Rents and royalties	
7.	Gain (or loss) from sale of assets, excluding inventory items	
8.	Other income	
9.	Total gross income (items 1 to 8, inclusive)	\$
EXPENSES ATTRIBUTABLE TO GROSS INCOME		
10.	Compensation of trustees	\$
11.	Salaries and wages (other than amounts shown in item 10)	
12.	Interest	
13.	Taxes	
14.	Rent	
15.	Depreciation	
16.	Miscellaneous expenses	
17.	Total expenses (items 10 to 16, inclusive)	\$
18.	Gross income less expenses (item 9 less item 17)	\$
CHARITABLE, ETC., CONTRIBUTIONS PAID OR PERMANENTLY SET ASIDE		
List in 19 (b) and (c), 20 (b), and 22 (b) each class of activity for which disbursements were made (or amounts were permanently set aside) and show separate total for each class		
19.	Charitable, etc., deductions taken within this year under section 642 (c) of Code:	\$
(a)	Total	\$
(b)	Paid out during this year:	\$
(c)	Not paid out at end of year (item (a) less item (b)):	\$
20.	Charitable, etc., deductions taken but not paid out in prior years under section 642 (c) of Code:	\$
(a)	Total not paid out at beginning of this year	\$
(b)	Paid out during this year:	\$
(c)	Not paid out at end of year (item (a) less item (b))	\$
21.	Total deductions under section 642 (c) not paid out (item 19 (c) plus item 20 (c))	\$
22.	Paid out of principal for charitable, etc., purposes:	\$
(a)	Paid out in prior years	\$
(b)	Paid out within this year:	\$

SIGNATURE AND VERIFICATION

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me, and to the best of my knowledge and belief, is a true, correct, and complete return.

(Signature of fiduciary or officer representing fiduciary) (Address of fiduciary or officer) (Date)
I declare under the penalties of perjury that I prepared this return for the fiduciary named herein; and that this return (including any accompanying schedules and statements) is, to the best of my knowledge and belief, a true, correct, and complete return based on all the information relating to the matters required to be reported in this return of which I have any knowledge.
(Individual or firm signature) (Address) (Date)
16-54771-8

ASSETS			
1. Cash.....		\$	
2. Notes and accounts receivable.....	\$		
Less: Reserve for bad debts.....			
3. Inventories.....			
4. Investments in governmental obligations.....			
5. Investments in nongovernmental bonds, etc.....			
6. Investments in corporate stocks.....			
7. Other investments (itemize).....	\$		
8. Capital assets:			
(a) Depreciable (and depletable) assets (attach itemized schedule).....	\$		
Less: Reserve for depreciation (and depletion).....			
(b) Land.....			
9. Other assets (itemize).....	\$		
10. Total assets.....		\$	
LIABILITIES			
11. Accounts payable.....		\$	
12. Bonds, notes, and mortgages payable:			
(a) With original maturity of less than 1 year.....	\$		
(b) With original maturity of 1 year or more.....			
13. Other liabilities (itemize).....	\$		
14. Total liabilities.....		\$	
NET WORTH			
15. Trust principal or corpus.....	\$		
16. Undistributed earnings and profits.....			
17. Total net worth.....		\$	
18. Total liabilities and net worth.....		\$	

GENERAL INSTRUCTIONS

1. Every trust claiming in its Federal income tax return for the taxable year a charitable, etc., deduction under the provisions of section 642 (c) of the Internal Revenue Code of 1954 is required by law to furnish for such year the following information:

- (1) the amount of the charitable, etc., deduction taken under section 642 (c) within such year, showing separately the amount of such deduction which was paid out and the amount which was permanently set aside for charitable, etc., purposes during such year,
- (2) the amount paid out within such year which represents amounts for which charitable, etc., deductions under section 642 (c) have been taken in prior years,
- (3) the amount for which charitable, etc., deductions have been taken in prior years but which has not been paid out at the beginning of such year,
- (4) the amount paid out of principal in the current and prior years for charitable, etc., purposes,
- (5) the total income of the trust within such year and the expenses attributable thereto, and
- (6) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

2. Section 6104 of the Internal Revenue Code of 1954, provides as follows:

"(c) INFORMATION AVAILABLE TO THE PUBLIC.—The information required to be furnished by sections 6033(b) and 6034, together with the names and addresses of such organizations and trusts, shall be made available to the public at such times and in such places as the Secretary or his delegate may prescribe."

Accordingly, this return will be made available for inspection by the public at the office of the District Director of Internal Revenue in which it is filed.

3. Activities in items 19 (b) and (c), 20 (b), and 22 (b) should be classified according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, laboratory construction, for fellowships, or for assistance to indigent families should be so identified.

4. The balance sheet, Schedule A, should agree with the books of accounts or any difference should be reconciled.

5. Severe penalties are provided by law for failure to furnish this information.

6. For further information see regulations under section 6034 of the Internal Revenue Code.

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