product. Under the standards of paragraph (a)(2)(i) of this section, neither the investment in Y nor the investment in Z will be classified as a jeopardizing investment and neither A nor B will be liable for an initial tax on either of such investments.

Example 3. D is a foundation manager of E, a private foundation with assets of $200,000. D was hired by E to manage E's investments after a careful review of D's training, experience and record in the field of investment management and advice indicated to E that D was well qualified to provide professional investment advice in the management of E's investment assets. D, after careful research into how best to diversify E's investments, provide for E's long-term financial needs, protect against the effects of long-term inflation, decides to allocate a portion of E's investment assets to unimproved real estate in selected areas of the country where population patterns and economic factors strongly indicate continuing growth at a rapid rate. D determines that the short-term financial needs of E can be met through E's other investments. Under the standards of paragraph (a)(2)(i) of this section, the investment of a portion of E's investment assets in unimproved real estate will not be classified as a jeopardizing investment and neither D nor E will be liable for an initial tax on such investment.


§ 53.4944–3 Exception for program-related investments.

(a) In general. (1) For purposes of section 4944 and §§53.4944–1 through 53.4944–6, a "program-related investment" shall not be classified as an investment which jeopardizes the carrying out of the exempt purposes of a private foundation. A program-related

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The text is a part of the Internal Revenue Service's regulations related to the imposition of excise taxes on private foundations. It discusses the classification of investments as jeopardizing and the liability of foundation managers and other parties involved in such investments. The regulations include examples and calculations to illustrate how the excise taxes are calculated and the circumstances under which they are imposed.