## Section 4

## Legal Restrictions on Foundations

There are three areas of government regulations which are limitations and restrictions on foundation management. These three areas are:

1. Prohibited transactions.
2. Unrelated business income or taxable income.
3. The unreasonable accumulation of income or distribution requirements.

Prohibited transactions are divided into three areas:

1. Political activities.
2. Endangering foundation funds
3. Self-dealing

The first two are relatively clear and simple to understand. The third, that of self-dealing, is much more complex and will require more detailed explanations.