dollars, then only $100,000 is subject to the rule and not the $900,000 that was earned and disbursed.

Second, the term unreasonable amount is entirely dependent upon the size of the foundation. One million dollars of accumulation might be unreasonable for your foundation, but it would be a mere drop in the bucket for the Ford Foundation and could not be considered unreasonable. The term reasonable time has been construed to mean from one to ten years, so even if you were to accumulate a large amount of income you would still have, according to some court rulings up to ten years to use, disburse or dedicate the funds.

The term "income" also has a special definition. Income does not include earnings or gains from short or long term capital gains or contributions. In other words, if you receive funds as contributions or make capital gains earnings, these funds are not subject to this rule. Only income earned from rents, dividends, interest, royalties and related or unrelated sources are considered income.

Finally, if you do use or disburse the funds





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