

activity or trade is trade or business not substantially related to the organization's performance of its exempt functions, where the trade or business is regularly carried on by the organization. We should break down the meaning of this definition in detail.

First of all, the unrelated business activities must be carried on regularly by the foundation. The periodic sale of real estate by a foundation will not necessarily make the foundation a real estate broker, unless the activities are carried on regularly. In other words, if the foundation sells a piece of property, this sale would be a trade or business activity, but it is not a regular activity. There must be a frequency and continuity with which the activities productive of the income are conducted, and a regular manner in which they are pursued.

Specific business activities of an exempt organization will be considered to be "regularly carried on" if they occur frequently and may be compared to commercial activities of non-exempt organizations. But these business activities will only be taxable,