

Section 7Foundation Business Activities

The accumulated income and capital of your foundation is dedicated to proper foundation business activities. All of these activities must fall within the scope of your foundation's purpose or they will be either taxable or improper. Business activities mean any activity that promotes or develops the foundation's purpose.

The Treasury and the Internal Revenue Code have never placed any limitation on foundation business activity in terms of accomplishing a purpose; that is, neither the Internal Revenue Code nor the Treasury have ever defined the words "education, scientific, religion, literary, charity, testing for public safety, or prevention of cruelty to children or animals" in terms of what subjects or types of activity must be accomplished. Foundations are designed to respond to unusual needs or to explore unconventional procedures and methods to prove or disprove their validity. Because of the desirability of freedom and flexibility for research, welfare, education and charity, no limit will probably ever be placed on these words. As outlined earlier, the Internal Revenue