
February 1995

TAX-EXEMPT ORGANIZATIONS

Information on Selected Types of Organizations



General Government Division

B-260138

February 28, 1995

The Honorable Byron L. Dorgan
United States SenateThe Honorable Harry Reid
United States Senate

Since the mid-1970s, the number and size of organizations that are tax-exempt under Internal Revenue Code (IRC) section 501(c) have increased substantially overall. As of 1992, there were over 1 million of these organizations in existence.¹

Press reports and congressional hearings have recently focused on the activities of charitable organizations, but other types of tax-exempt organizations have not received this level of scrutiny. As you requested, we (1) determined the growth in the number, assets, revenue, and expenses of social welfare organizations, labor and agricultural organizations, and business leagues, (2) documented the compensation that some of the largest of these tax-exempt organizations paid their executives in 1992, (3) identified the extent to which these organizations can be involved in lobbying and political activities, and (4) identified IRS' efforts to monitor their activities. Information concerning charitable organizations is presented in this report for purposes of comparison.

On February 15, 1995, we briefed you and your staffs on the results of our review. This report summarizes the information presented in that briefing.

Results in Brief

For the most part, the number and size of tax-exempt social welfare organizations, labor and agricultural organizations, and business leagues increased between 1975 and 1990. The changes over this period are illustrated as follows:

- The number of business leagues increased about 45 percent to 65,869, while the number of social welfare organizations increased about 14 percent to 142,473. Conversely, the number of labor and agricultural organizations declined about 18 percent to 71,653.
- The assets (in 1990 dollars) of all three types of organizations increased. Business leagues' assets increased more than 140 percent to over \$19 billion, while those of labor and agricultural organizations increased

¹Appendix IV describes the types of organizations that are tax-exempt under IRC section 501(c).

about 47 percent to nearly \$14 billion and those of social welfare organizations increased about 20 percent to over \$35 billion.

- The change in revenue (in 1990 dollars) varied for these types of organizations. While revenue for business leagues increased nearly 144 percent to \$18 billion and revenue for labor and agricultural organizations increased about 13 percent to over \$12 billion, the revenue for social welfare organizations declined almost 47 percent to \$18 billion.
- The change in expenses (in 1990 dollars) for these organizations also varied. The expenses of business leagues increased about 145 percent to just over \$18 billion and those of labor and agricultural organizations increased nearly 19 percent to \$12.7 billion. Meanwhile, the expenses of social welfare organizations declined about 48 percent to \$17.7 billion.

We analyzed the organizations' 1992 annual returns to determine the compensation for the 5 highest paid executives from 46 of each of the largest social welfare organizations, labor and agricultural organizations, and business leagues, as measured by the organizations' assets. Of 673 executives identified, we found that 100 executives (about 15 percent) received \$200,000 or more in compensation for 1992. Conversely, 198 executives (about 29 percent) received no compensation for 1992.

IRS is responsible for monitoring the activities of tax-exempt organizations through examinations of their annual returns. In general, between 1990 and 1994 examinations of social welfare organizations, labor and agricultural organizations, and business leagues decreased about 30 percent, while the amount of taxes and penalties resulting from these examinations increased about 200 percent. IRS also revoked the tax-exempt status of 67 of these types of organizations between 1992 and 1994.

Scope and Methodology

To identify changes in the number, assets, income, and expenses of tax-exempt organizations, we reviewed IRS annual reports and studies by its Statistics of Income Division. To portray the changes in the real value of the organizations' assets, income, and expenses, we converted the financial information in these reports, which were available for 1975 and 1990, to 1990 dollars.

To determine the compensation that executives received from social welfare organizations, labor and agricultural organizations, and business leagues, we obtained, and analyzed 285 IRS Form 990 returns—"Return of Organization Exempt From Income Tax"—filed by some of the largest of

these organizations for tax year 1992, the most recent year available at the time of our review. A Form 990 return contains detailed information about an organization's assets, revenue, and expenses, including the compensation paid to its executives. The return must be filed annually with IRS by organizations with gross receipts that exceed \$25,000, and must be made available to the public according to the IRC.

As agreed with you, we sought to obtain the Form 990 returns for tax year 1992 from 50 of each of the largest social welfare organizations and labor and agricultural organizations, as well as from 200 of the largest business leagues. We identified these organizations on the basis of the amount of their assets as recorded in an IRS Exempt Organization Business Master File (EOBMF) containing all active tax-exempt organizations as of March 31, 1994. Of the returns we requested, we received and analyzed 46 returns of social welfare organizations, 46 returns of labor and agricultural organizations, and 193 returns of business leagues. IRS was unable to provide the remaining returns at the time of our request. Appendix III lists those organizations for which we received and analyzed a Form 990 return.

Our analysis included an in-depth review of the section of the returns detailing the compensation that the organizations paid to their executives, including officers, directors, and key employees. We defined compensation to include salary; contributions to employee benefit plans, including deferred compensation; and expense accounts and other allowances² reported on the organizations' returns. Appendix I lists the executives we identified who received \$200,000 or more from these types of organizations. We also identified any compensation that executives of these organizations received from related organizations. Appendix II lists the executives we identified who received compensation from related organizations.

To determine the rules governing lobbying and political activities for these three types of organizations, as well as for charitable organizations, we interviewed IRS Exempt Organization Division staff and reviewed IRS guidelines, regulations, and the Internal Revenue Code. To identify IRS' compliance efforts related to these organizations, including the number of examinations, the taxes and penalties that resulted from these examinations, and the number of organizations for which IRS revoked their tax-exemption, we interviewed IRS Exempt Organization Division

²These include expense allowances or reimbursements that recipients must report as income on their individual income tax returns.

staff and reviewed Exempt Organization Division annual compliance reports.

We did our review from March 1994 through December 1994 at IRS' national office in accordance with generally accepted government auditing standards.

Agency Comments

On February 7, 1995, we discussed a draft of this report with IRS Exempt Organization Division officials at the national office. They basically agreed with the information presented in the report and provided some technical comments that were incorporated as appropriate.

As agreed with you, unless you announce the contents of this briefing report earlier, we plan no further distribution of this report until 15 days from the date of this letter. At that time, we will send copies of this report to various congressional committees, the Commissioner of Internal Revenue, and other interested parties. We will also make copies available to others upon request.

The major contributors to this report are listed in appendix V. Please contact me at (202) 512-9044 if you or your staff have any questions about this briefing report.



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and Administration

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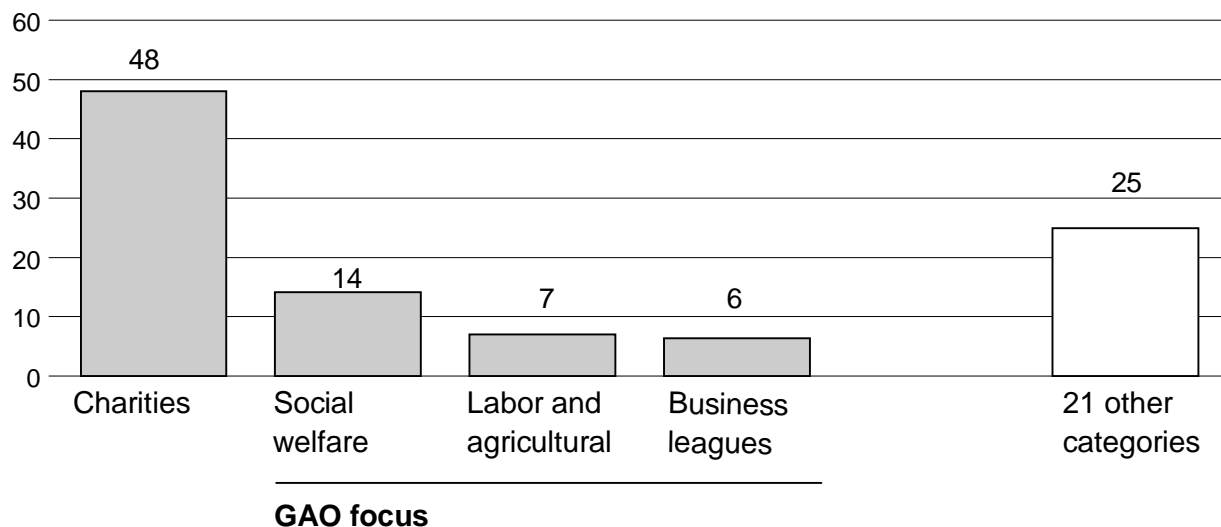
Abbreviations

| | |
|-------|---|
| COO | Chief Operating Officer |
| EIN | Employer Identification Number |
| EOBMF | Exempt Organization Business Master File |
| GDP | gross domestic product |
| IRC | Internal Revenue Code |
| UAW | International Union - United Auto, Aerospace, and Agricultural Workers |

Information on Selected Types of Organizations

GAO Background on Tax-Exempt Organizations

Percentage of tax-exempt organizations (FY 90)



Sources: IRS Statistics of Income Division and Exempt Organization Business Master File.

Background Information on Tax-Exempt Organizations

Internal Revenue Code (IRC) section 501(c) establishes 25 categories of tax-exempt organizations that enjoy many benefits that for-profit organizations do not. In particular, tax-exempt organizations are required to pay federal income taxes only on unrelated business income. They are also exempt from many state and local taxes. In addition, contributions to charities are deductible from donors' federal income taxes.

Charitable, religious, and educational organizations, tax-exempt under IRC section 501(c)(3), and known collectively as charities, are the largest category. In 1990, of a total of 1,022,223 tax-exempt organizations,¹ charities represented 489,891 (48 percent). Social welfare organizations represented the second largest category of tax-exempt organization in 1990, totaling 142,473 (14 percent). Labor and agricultural organizations ranked fourth, while business leagues ranked fifth, with totals of 71,653 (7 percent) and 65,896 (about 6 percent), respectively. An additional 252,310 organizations (about 25 percent) were exempt in 1990 under the remaining 21 IRC 501(c) categories.

Overall, tax-exempt organizations have grown in number and size since the mid-1970s. Specifically, the total number of exempt organizations has grown about 27 percent, from 806,375 organizations in 1978 to more than 1 million in 1990. Between 1975 and 1990, the assets of these organizations have grown in real terms over 150 percent to more than \$1 trillion, and their revenues have grown over 225 percent to about \$560 billion, while the growth in real gross domestic product (GDP) for the United States was 52 percent. As of 1990, tax-exempt organizations accounted for approximately 10 percent of GDP in terms of revenue, up from nearly 6 percent in 1975. Charities alone accounted for about 7 percent of GDP in 1990.

This report focuses on social welfare organizations, labor and agricultural organizations, and business leagues, which are tax-exempt under IRC sections 501(c)(4), (5), and (6), respectively. Specific information concerning charitable organizations has been included for comparison purposes.

¹This total does not include certain 501(c)(3) religious organizations that automatically qualify as tax-exempt and need not apply to IRS for tax-exemption, as well as a small number of other organizations that qualify as tax-exempt under other IRC sections.

GAO Social Welfare Organizations--
IRC 501(c)(4)

- Must be organized and operated exclusively for promotion of social welfare.
 - Must promote common good of entire community.
 - Examples:
 - American Association of Retired Persons,
 - Minneapolis Police Relief Association.
-

Definition and Examples of
Social Welfare
Organizations

Organizations operated and organized exclusively for the promotion of social welfare, including civic leagues, as well as local associations of employees—known collectively as social welfare organizations—are exempt from federal income taxes under IRC section 501(c)(4). The net earnings of such organizations must be used exclusively for charitable, educational, or recreational purposes. An example of an organization operated for the promotion of social welfare is the American Association

of Retired Persons.² An example of a local association of employees is the Minneapolis Police Relief Association.

Social welfare organizations must promote the common good and general welfare of the people of the community. Court rulings have further required that a social welfare organization benefit a whole community of people rather than a private group of citizens. For example, in one case the court ruled that a nonprofit corporation formed to acquire and operate a low-cost housing cooperative was not a tax-exempt social welfare organization because, rather than offering a service to the community-at-large, it only provided a service to its members. However, an organization that benefits a private group of citizens can be ruled tax-exempt if it can establish that it also benefits the entire community. For example, IRS has ruled that an organization engaged in the rehabilitation and job placement of its members was tax-exempt because it benefited the community as a whole, even though its membership was limited.

²We selected examples of the largest IRC section 501(c)(4), (5), and (6) organizations on the basis of their assets.

GAO Labor, Agricultural, and Horticultural
Organizations--IRC 501(c)(5)

- Must be organized to:
 - improve conditions of persons involved in these fields,
 - improve their products, or
 - develop a higher degree of efficiency in their occupations.
 - Examples:
 - International Union - United Auto, Aerospace and Agricultural Workers (UAW),
 - Ohio Farm Bureau Federation, Inc.
-

Definition and Examples of Labor, Agricultural, and Horticultural Organizations

Labor, agricultural, and horticultural organizations—known collectively as labor and agricultural organizations—are exempt from federal income taxes under IRC section 501(c)(5). These organizations must have one or more of the following objectives: (1) bettering the conditions of persons engaged in the pursuits of labor, agriculture, or horticulture, (2) improving the grade of their products, or (3) developing a higher degree of efficiency in their respective occupations. In addition, the net earnings of these organizations may not inure to the benefit any of their members.³

IRS defines a labor organization as an association of workers who have combined to promote their interests by bargaining collectively with their employers to secure better working conditions, wages, and similar benefits. These organizations are generally composed of employees or representatives of employees, but may also include employers, self-employed persons, and independent contractors. They may provide benefits to their members or members' families in the event of a strike, lockout, death, accident, or similar occurrence. An example of a labor organization is the International Union - United Auto, Aerospace, and Agricultural Workers (UAW).

IRS uses the term agricultural to cover both agricultural and horticultural organizations. IRS defines agriculture as the art or science of cultivating the ground, including the preparation of the soil, the planting of seeds, the raising and harvesting of crops, and the rearing, feeding, and management of livestock, as well as the harvesting of aquatic products. IRS defines horticulture as the cultivation of a garden or orchard, as well as the art or science of growing fruits, vegetables, flowers or ornamental plants. An example of an agricultural organization is the Ohio Farm Bureau Federation, Inc.

³This prohibition generally states that a person can only receive reasonable payment from an organization for goods and services provided.

GAO Business Leagues--IRC 501(c)(6)

- Must promote a common business interest.
 - Cannot be organized for profit.
 - Examples:
 - American Bureau of Shipping,
 - American Medical Association,
 - Chamber of Commerce of the U.S.A.
-

**Definition and Examples of
Business Leagues**

Business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues—known collectively as business leagues—are exempt from federal income taxes under IRC section 501(c)(6). Business leagues cannot be organized for profit, and no part of their net earnings can inure to the benefit of any private shareholder or individual. Examples of business leagues include the American Bureau of Shipping, the American Medical Association, and the Chamber of Commerce of the U.S.A.

Treasury regulations define a business league as an association of persons having a common business interest whose purpose is to promote that interest. To qualify for tax-exempt status as a business league, an organization cannot engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining. Furthermore, the organization must work toward improving the business conditions of one or more lines of business rather than performing services for a particular business.

GAO Charitable, Religious and Educational
Organizations--IRC 501(c)(3)

- Must be organized and operated exclusively for exempt purposes.
- Must benefit the general public.
- Examples:
 - Salvation Army,
 - American Cancer Society,
 - Harvard University.

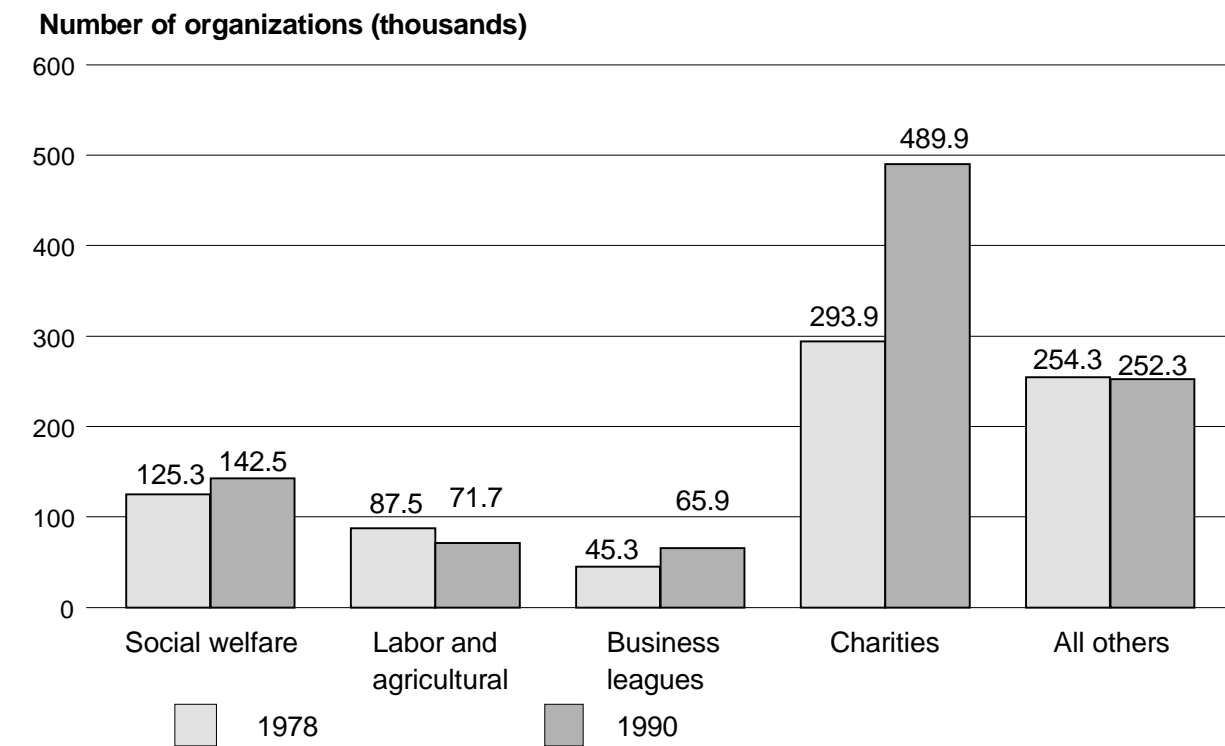
Definition and Examples of Charities

Organizations operated and organized exclusively for charitable, religious, scientific, testing for public safety, literary, or educational purposes—known collectively as charities—are exempt from federal income taxes under IRC section 501(c)(3). Charities must benefit the general public as opposed to benefiting only private individuals or groups. Some activities considered to be charitable include (1) relieving the poor and distressed, (2) advancing religion or education, (3) erecting or maintaining public buildings or monuments, (4) lessening the burdens of government, and (5) eliminating prejudice. Examples of charities are the Salvation Army, the American Cancer Society, and Harvard University.⁴

IRS staff use standards that have evolved over time from both IRS and court rulings when determining whether an organization qualifies as a tax-exempt charity. For example, IRS has determined that an employment agency that operated exclusively to secure employment without charge to the elderly qualified as a charity because it provided services for a segment of the public with limited means. Conversely, IRS has determined that a pharmaceutical service operated by a nonprofit organization was not tax-exempt because, although it provided discount pharmacy services to handicapped and senior citizens, it also provided pharmacy services to the general public. Furthermore, the pharmaceutical service did not provide free or below cost drugs to the poor. As a result, IRS determined that the pharmacy was not operated exclusively for charitable purposes because it was primarily engaged in commercial activity.

⁴We selected examples of charities on the basis of the largest amount of charitable donations received.

GAO Number of Tax-Exempt Organizations (1978-1990)



Source: IRS Exempt Organization Business Master File.

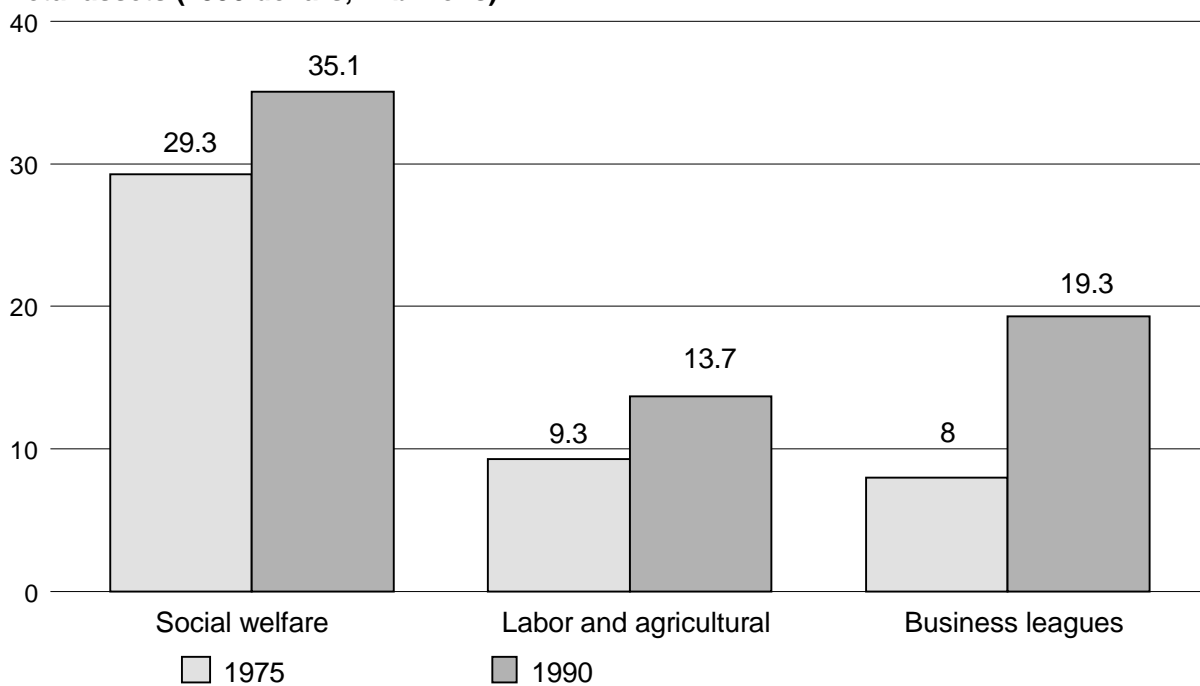
**Number of Tax-Exempt
Organizations(1978-1990)⁵**

Between 1978 and 1990, the total number of organizations exempt from taxation under IRC section 501(c) increased from 806,375 to 1,022,223, an increase of about 27 percent. During this period, of the three types of organizations that are the focus of this study, business leagues increased the most, about 45 percent, from 45,325 in 1978 to 65,869 in 1990. Social welfare organizations increased nearly 14 percent, from 125,317 in 1978 to 142,473 in 1990. Labor and agricultural organizations declined about 18 percent, decreasing from 87,531 in 1978 to 71,653 in 1990. By comparison, charities increased nearly 67 percent, from 293,947 in 1978 to 489,891 in 1990, while all other tax-exempt organizations combined decreased less than 1 percent, from 254,300 in 1978 to 252,300 in 1990.

⁵Specific data on the number of exempt organizations was not readily available prior to 1978.

GAO Assets of Selected Tax-Exempt Organizations (1975-1990)

Total assets (1990 dollars, in billions)



Source: IRS Statistics of Income Division.

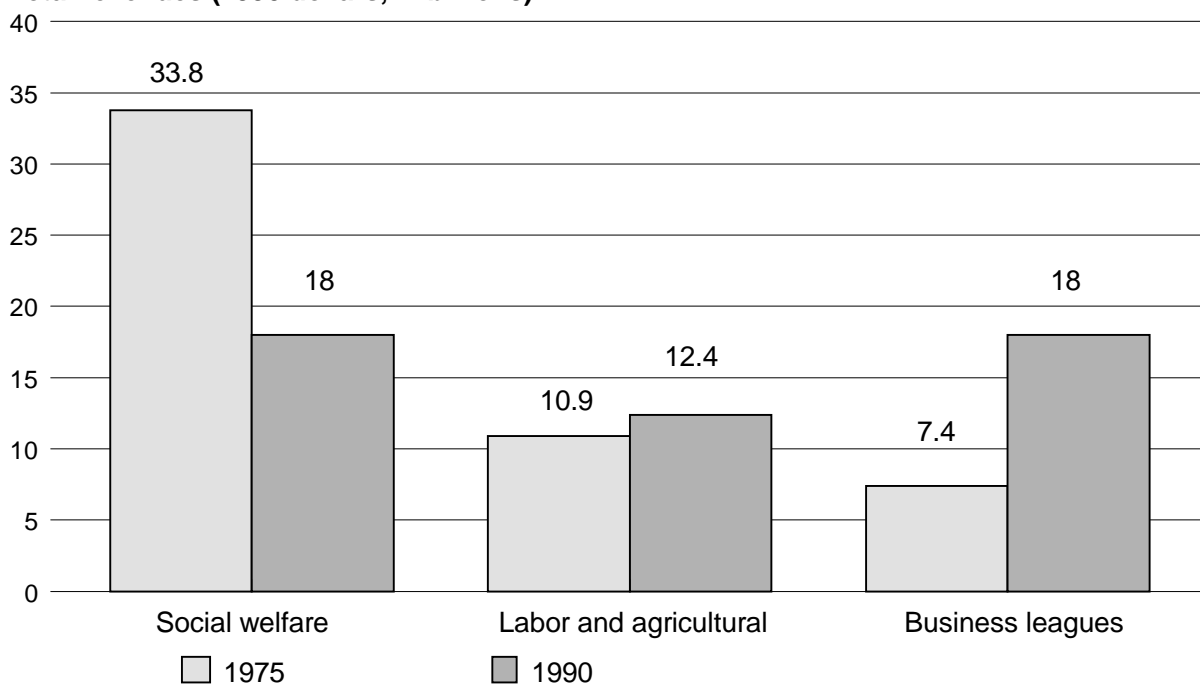
**Assets of Selected
Tax-Exempt Organizations
(1975-1990)**

Business leagues' assets increased more percentage-wise than those of social welfare organizations and labor and agricultural organizations between 1975 and 1990, in 1990 dollars. Specifically, business leagues' assets increased over 140 percent, from nearly \$8 billion in 1975 to more than \$19 billion in 1990. Labor and agricultural organizations' assets increased about 47 percent during this period, from \$9.3 billion to \$13.7 billion, although the total number of these types of organizations declined. Social welfare organizations' assets increased about 20 percent, from \$29.3 billion in 1975 to \$35.1 billion in 1990.

Investments in securities comprised the single largest asset category in 1990 for all three types of organizations, including social welfare organizations (\$7.4 billion), labor and agricultural organizations (\$4.6 billion), and business leagues (\$6.2 billion).

GAO Revenues of Selected Tax-Exempt Organizations (1975-1990)

Total revenues (1990 dollars, in billions)



Source: IRS Statistics of Income Division.

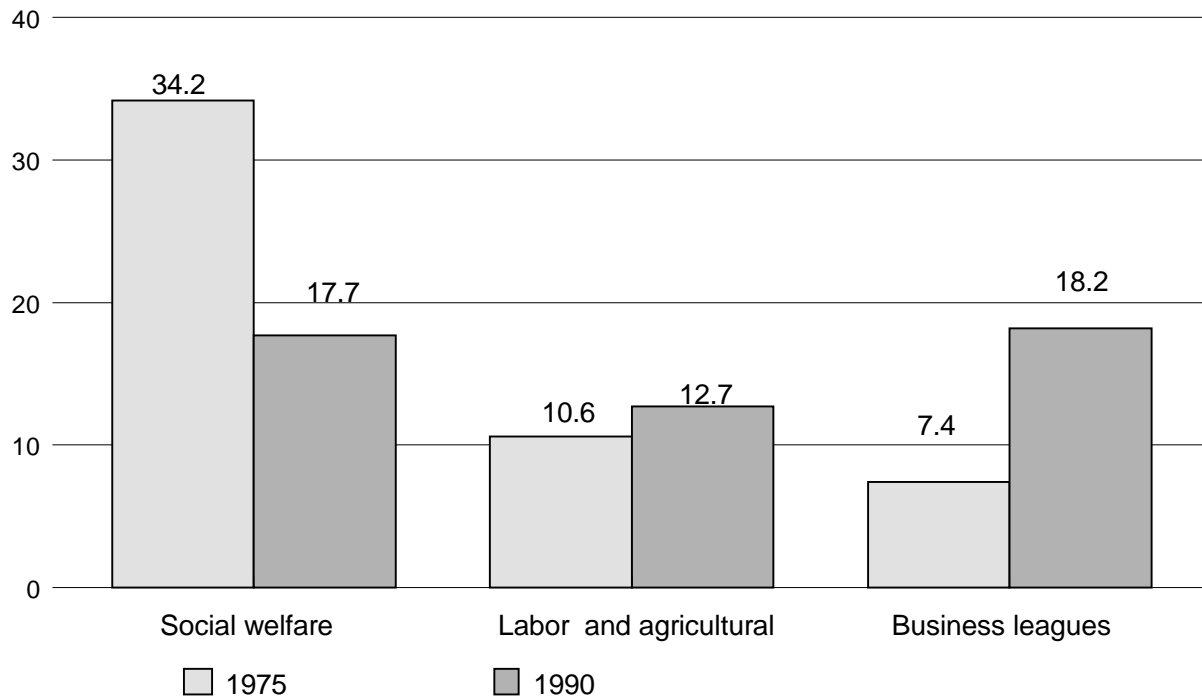
**Revenues of Selected
Tax-Exempt Organizations
(1975 to 1990)**

The revenues of business leagues also increased more percentage-wise than those of social welfare organizations or labor and agricultural organizations between 1975 and 1990, in 1990 dollars. The revenues of business leagues increased nearly 144 percent, from \$7.4 billion in 1975 to \$18 billion in 1990. By contrast, the revenues of labor and agricultural organizations increased about 13 percent during this period, from \$10.9 billion to \$12.4 billion, while the revenues of social welfare organizations declined about 47 percent, from \$33.8 billion to \$18 billion.

Revenues from program services and membership fees were the two largest revenue sources for business leagues in 1990, totaling over \$7 billion each. Program services are the services provided in carrying out the major objectives of a tax-exempt organization, such as the publication of journals and newsletters. Labor and agricultural organizations received most of their revenues in 1990—\$7.3 billion—from membership fees, while social welfare organizations received most of their revenues in 1990—\$11.5 billion—from program services.

GAO Expenses of Selected Tax-Exempt Organizations (1975-1990)

Total expenses (1990 dollars, in billions)



Source: IRS Statistics of Income Division.

**Expenses of Selected
Tax-Exempt Organizations
(1975-1990)**

The expenses of business leagues increased about 145 percent, from \$7.4 billion in 1975 to \$18.2 in 1990, in 1990 dollars, while the expenses of labor and agricultural organizations increased about 19 percent, from \$10.6 billion to \$12.7 billion. The expenses of social welfare organizations declined about 48 percent, from \$34.2 billion in 1975 to \$17.7 billion in 1990.

Benefits paid to or for members, at \$5.7 billion, was the largest expense item in 1990 for social welfare organizations, followed closely by “other” expenses at \$5.2 billion. “Other” expenses, which included various items, such as advertising and consulting fees, comprised the largest expense category in 1990 for both labor and agricultural organizations and business leagues at \$3.3 billion and \$7.7 billion, respectively. The second largest expense for these organizations was salaries and wages at \$2 billion and \$2.9 billion, respectively.

GAO Inurement of Benefits

- Prohibited for charities, labor and agricultural organizations, and business leagues.
 - Persons can only receive reasonable payment for goods and services provided.
 - Can lead to revocation of exempt status.
 - Major determining factor is reasonableness of compensation.
-

Inurement of Benefits

The Internal Revenue Code prohibits the net earnings of business leagues and charities from inuring to the benefit of any private shareholder or individual, and Treasury regulation section 1.501(c)(5)-1(a)(1) establishes the same prohibition for labor and agricultural organizations. For these organizations, inurement can result in loss of their tax-exempt status. At the present time, there is no similar prohibition for social welfare organizations.

This prohibition generally states that a person can only receive reasonable payment from an organization for goods or services provided. Specifically, inurement exists in several types of circumstances where benefits, such as unreasonable compensation, low or no-interest loans, and personal expenses, flow to an organization's officers, directors, and other "insiders." While there is no absolute measure of inurement, IRS and the courts assess whether the compensation is reasonable for the services provided and if compensation was agreed upon through arms length negotiations.

In a May 1994 report, the Subcommittee on Oversight of the House Committee on Ways and Means concluded that IRS is not appropriately enforcing the current prohibitions on inurement related to its oversight of charities, and recommended that IRS be allowed to invoke an intermediate sanction against any charity that engages in activities resulting in inurement.

GAO Reasonable Compensation

- Total compensation defined broadly by IRS.
 - No absolute limit - judged on case-by-case basis.
 - IRS considers:
 - Compensation of executives of similar organizations,
 - Executives' responsibilities,
 - Whether salary was determined at "arm's length."
-

Reasonable Compensation

One of IRS' primary measures of whether inurement has occurred is whether compensation paid to an executive is reasonable. For-profit businesses are allowed to deduct from their taxable income a reasonable allowance for salaries or other compensation for personal services rendered. This standard also has been applied to tax-exempt organizations by the courts as one way to determine whether inurement of benefits has taken place.

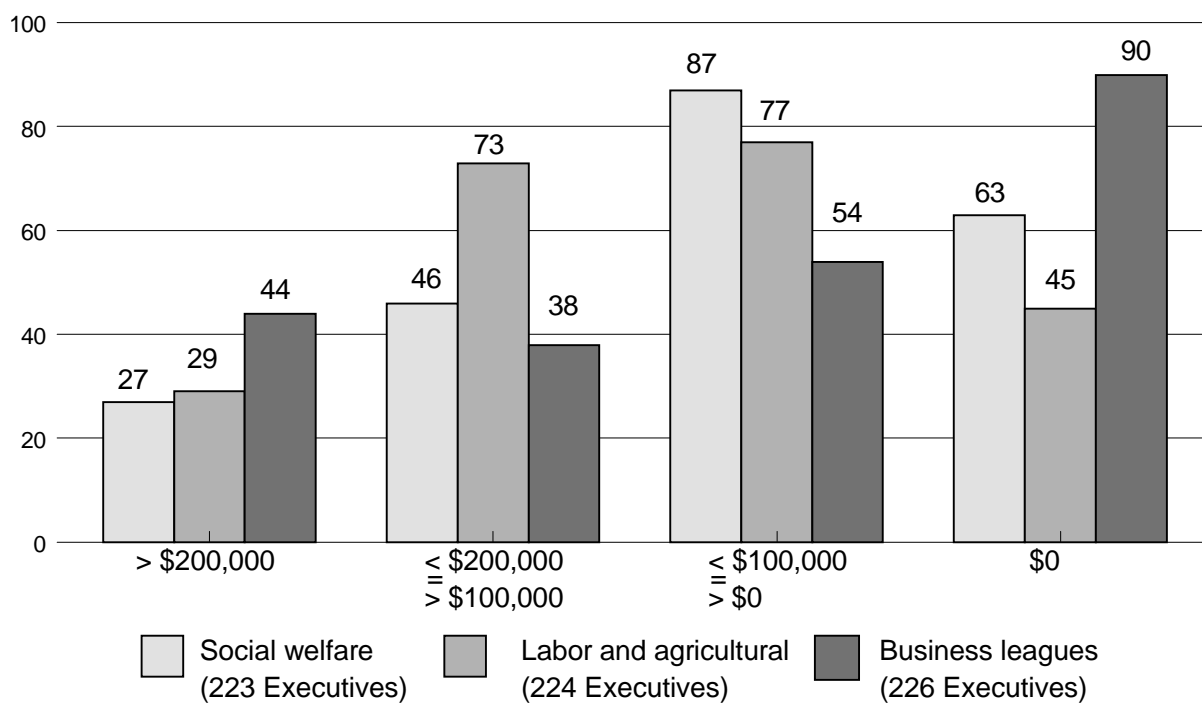
When deciding whether compensation is reasonable, IRS first must determine the total amount of compensation paid by the organization. Specifically, IRS considers the following to be compensation: (1) salary or wages, (2) contributions to pension and profit sharing plans, (3) unpaid deferred compensation, (4) payment of personal expenses, (5) rents, royalties or fees, and (6) personal use of an organization's property or facilities.

Once IRS determines the total amount of compensation, it then decides whether the compensation is reasonable. IRS has no pre-set limit on reasonable compensation, but judges reasonableness on a case-by-case basis, as do the courts. For example, in one case the courts determined that inurement existed when a college compensated an executive according to a formula based on stock ownership, rather than paying a reasonable amount for services rendered. In another case, IRS determined that a hospital's contract to pay a radiologist a percentage of the gross receipts of the radiology department did not constitute inurement because the agreement was reached through arms length bargaining and the radiologist had no controlling interest in the hospital.

The primary way IRS determines reasonableness is a comparison of compensation paid by similar organizations. IRS also considers the salary history of the individual, his or her responsibilities, the salary scale of employees in general, and the amount of control the individual has in determining his or her own salary.

GAO Executive Compensation Paid by Selected Organizations (1992)

Number of executives



Source: GAO analysis of IRS data.

**Executive Compensation
Paid by Selected
Tax-Exempt Organizations
(1992)⁶**

In 1992, about 62 percent of the highest paid executives of 46 of each of the largest social welfare organizations, labor and agricultural organizations, and business leagues received less than \$100,000 in compensation, while nearly 15 percent received \$200,000 or more. Specifically, out of a total of 673 executives, including officers, directors, and key employees, identified on the annual returns these organizations filed with IRS, 198 (about 29 percent) received no compensation, 218 (about 32 percent) received from \$1 to \$100,000, and 157 (about 23 percent) received from \$100,000 to \$200,000. There were also 100 executives (about 15 percent) who received more than \$200,000 in compensation.

Business leagues had both the largest number of executives receiving no compensation as well as those receiving more than \$200,000, with 90 and 44, respectively. Labor organizations had the most executives making between \$100,000 and \$200,000 with 73, while social welfare organizations had the most executives making between \$0 and \$100,000 with 87.

Of the organizations we reviewed, The PGA Tour, Inc., a business league, paid the highest overall 1992 executive compensation (\$4.1 million) to its Commissioner.⁷ The highest compensated executive of a social welfare organization was the Chairman, President, and Chief Executive Officer of the Mutual of America Life Insurance Company who received \$1.2 million. The highest compensated officer of a labor or agricultural organization was the Executive Director of the Major League Baseball Players Association who received over \$900,000.

⁶Our compensation figures include all salary, benefits, including deferred compensation, and expense account items that an employee is required to claim on his or her individual income tax return, such as the value of housing, automobiles or other assets owned or leased by the organization. Although our compensation figures are for 1 year, compensation may vary from year to year.

⁷The examples are presented to illustrate the range of salaries paid by these organizations to their executives. We did not attempt to determine whether or not the compensation was reasonable.

GAO Related Organizations

- Social welfare organizations could establish a tax-exempt charitable organization.
 - Charities could form a tax-exempt social welfare organization.
-

Related Organizations

A tax-exempt organization may be related to another organization that may be either a tax-exempt or taxable entity. For example, a social welfare organization might establish a tax-exempt charitable affiliate to receive tax deductible contributions, so long as their records show that their finances are kept separate. Conversely, a charitable organization could establish a social welfare organization to carry out lobbying and political activities, so long as the two organizations are separately incorporated, and they can document that contributions made to the charitable organization are not provided to the social welfare organization.

Executives, such as directors and officers, may serve and be compensated by related organizations. Each organization is required to describe its program and financial activities, including any transactions with related organizations, in its annual return filed with IRS. This includes any compensation paid to an executive by a related organization, provided the executive's total compensation is more than \$100,000, of which more than \$10,000 was provided by the related organization.

Of the 285 organizations we reviewed, 29 reported that their executives met these criteria. The amounts of total related compensation paid to these executives ranged from \$12,320 to \$711,807 (see app. II).

GAO Lobbying and Political Activities

| Organizations | Lobbying activities | Political activities |
|--|----------------------------|-----------------------------|
| Social welfare, labor and agricultural, and business leagues | Unlimited | Limited |
| Charities | Limited | Prohibited |

Lobbying and Political Activities

Lobbying activity involves an attempt to influence legislation through such means as contacting or urging the public to contact a member or employee of a legislative body, or a government official or employee of an executive agency who is in a position to propose, support, oppose, or reject legislation. “Grass-roots” lobbying is an attempt to influence the opinion of the general public concerning legislation.

Lobbying activity is permitted for social welfare organizations, labor and agricultural organizations, and business leagues and can be the primary activity of these types of organizations, providing it relates to their tax-exempt purposes. Certain charities may spend up to a maximum of \$1 million annually on lobbying activities, provided that no more than 25 percent of the lobbying expenditures involves “grass-roots” lobbying. Charities that do not elect this lobbying limit may not engage in substantial lobbying activity.

Political activity involves participating or intervening in a political campaign on behalf of or in opposition to a candidate for public office. This type of activity includes the publication or distribution of printed statements and the making of oral statements favoring one candidate over another.⁸

Social welfare organizations, labor and agricultural organizations, and business leagues can engage in political activity, provided it is not the organizations’ primary activity. For charities, political activity is generally prohibited. However, nonpartisan voter education, such as disseminating the overall voting record of Members of Congress pertaining to a variety of issues or conducting a “get-out-the-vote” drive, is a permissible activity.

⁸Tax-exempt organizations may establish separate segregated funds for conducting political activities. Such funds, established under IRC section 527, are tax-exempt as “political organizations” provided contributions to the fund are used primarily for political purposes. Due to the strict limitations related to the political activity of charities imposed by IRC section 501(c)(3), a separate segregated fund established by a charity may not be used for political campaign involvement, such as influencing the election of a public official. Social welfare organizations, labor and agricultural organizations, and business leagues have no such limitation.

GAO Tax Deductibility of Contributions,
Dues and Membership Fees

| Organizations | Contributions | Dues and membership fees |
|--|----------------------|---------------------------------|
| Social welfare, labor and agricultural, and business leagues | Not deductible | Limited |
| Charities | Limited | Limited |

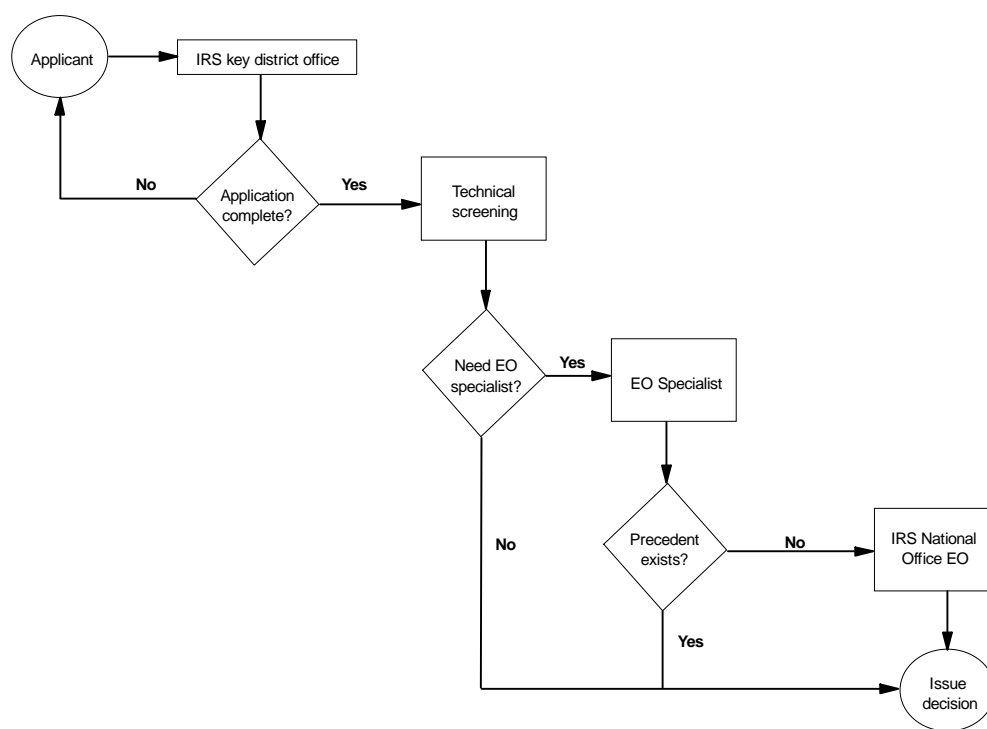
**Deductibility of
Contributions, Dues, and
Membership Fees Paid to
Tax-Exempt Organizations**

One of the benefits of tax-exempt status is the deductibility of contributions, dues, and membership fees to taxpayers who provide such sources of revenue to tax-exempt organizations. This enables these organizations to raise some of the revenue needed to carry out their tax-exempt purpose.

Contributions to social welfare, labor and agricultural organizations, and business leagues are not tax deductible. Dues and membership fees paid to these organizations are deductible as a business expense, if they are ordinary and necessary for conducting the payor's business. However, the organizations must inform the contributors if any portion of such dues and membership fees is to be used for lobbying, because that portion is not tax deductible to the payors.

Contributions made to charities are tax deductible to the contributors, provided the contributions are not "earmarked" for either political activities or lobbying. Dues and membership fees paid to charities are tax deductible only to the extent that the amount paid is more than the value of any benefits received by the payor.

GAO Process for Obtaining Tax-Exempt Status



An organization must apply for tax-exempt status to the IRS district office responsible for the geographic location in which the organization maintains its principal place of business.⁹ When applying, the organization must submit the following to IRS: (1) a signed application form; (2) an IRS Form 8718, “User Fee for Exempt Organization Determination Letter Request” with the appropriate user fee; (3) IRS Form SS-4, “Application for

⁹In the near future, IRS plans to consolidate its process for determining the tax-exempt status of organizations in one “key” district office.

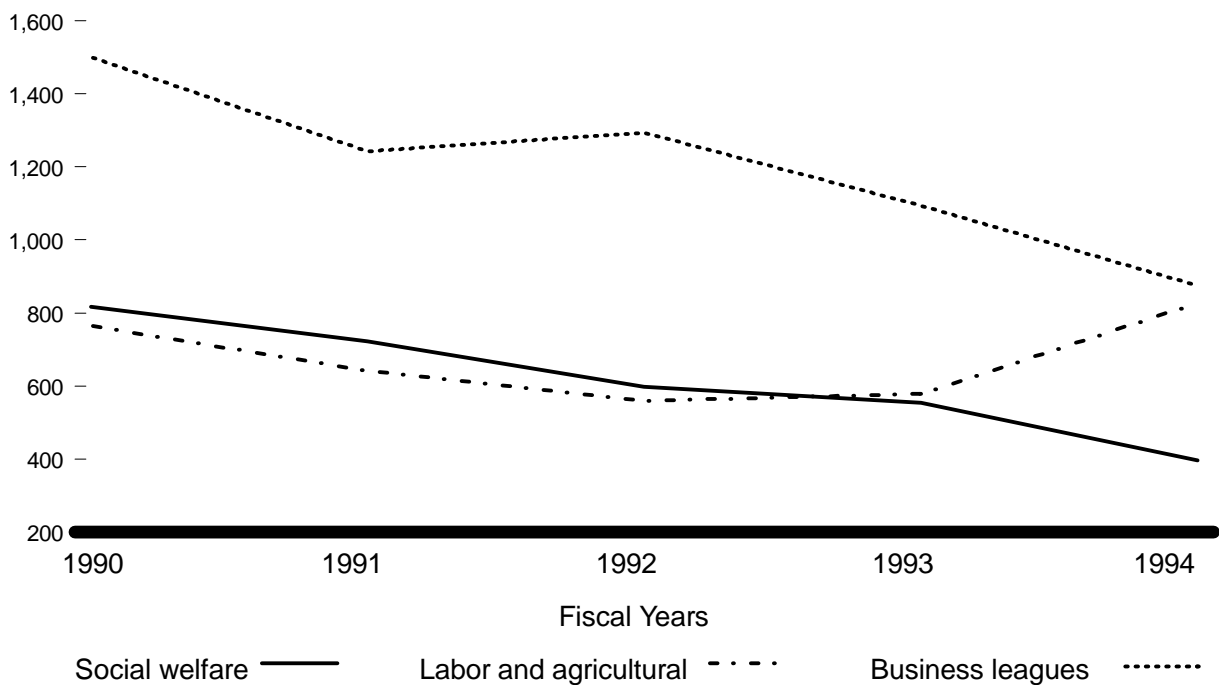
Employer Identification Number” (EIN) if the organization does not have an EIN; (4) various organizational documents, such as its Articles of Incorporation; (5) a narrative statement of past, present, and proposed activities; and (6) a proposed budget for 2 years for organizations with less than 1 year of operations, and (7) a statement of receipts and expenditures for the current and 3 preceding years, and a balance sheet for the most recent period for ongoing organizations.

IRS district office staff are to review the application package for completeness and determine whether the organization qualifies for tax exemption. If, during the initial screening IRS staff determine that the application package is incomplete, they are to contact the organization to obtain the missing information. Once the application is complete, IRS staff are to conduct a technical screening to determine if the application needs to be reviewed by an Exempt Organization specialist. In general, these specialists review applications that involve unusual circumstances, controversial issues, or contain voluminous attachments. If the specialist has concerns not specifically covered by statute, regulation, Treasury decision, or a ruling published in the Internal Revenue Bulletin, the application must be forwarded to IRS National Office staff for further review. Once the application review has been completed, IRS is to notify the organization with a determination letter.

IRS reviewed more than 57,000 applications for tax exemption in 1992. Of these, IRS approved nearly 44,000 (77 percent) and denied nearly 1,000 (2 percent). An additional 12,000 (21 percent) applications were neither approved nor denied because the organizations either withdrew their application or failed to provide the additional information requested by IRS.

GAO IRS Examinations of Tax-Exempt Organizations (FY90-94)

Number of examinations



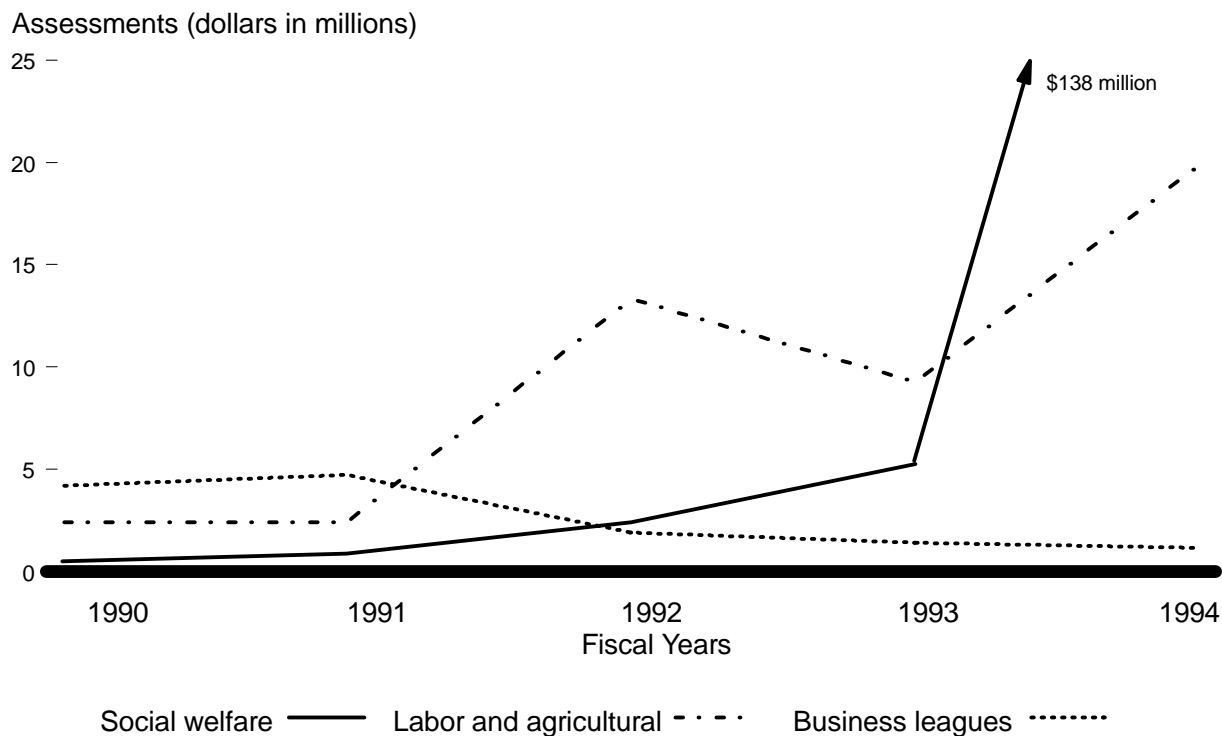
Source: IRS Exempt Organization Division.

**IRS Examinations of
Selected Tax-Exempt
Organizations (FY90-FY94)**

Between fiscal years 1990 and 1994, the number of IRS' examinations decreased substantially for both social welfare organizations and business leagues, and increased slightly for labor and agricultural organizations. Specifically, examinations of social welfare organizations decreased from 816 in fiscal year 1990 to 397 in fiscal year 1994. During this same period the number of examinations of business leagues decreased from 1500 to 874. Meanwhile, the examinations of labor and agricultural organizations initially decreased from 764 in fiscal year 1990 to 560 in fiscal year 1992, but then subsequently increased to 828 in fiscal year 1994.

We did not attempt to determine the adequacy of IRS' efforts to monitor the activities of these organizations. However, in its May 1994 report, the Subcommittee on Oversight of the House Committee on Ways and Means recommended that IRS increase both the staffing and funding levels allocated for exempt organization examination and compliance activities, particularly related to charities.

GAO Taxes and Penalties Assessed Against Exempt Orgs. (FY90-94)



Source: IRS Exempt Organization Division.

**Taxes and Penalties
Assessed Against Selected
Tax-Exempt Organizations
(FY90-FY94)**

While the combined number of examinations of social welfare organizations, labor and agricultural organizations, and business leagues has declined from fiscal year 1990 to fiscal year 1994, the taxes and penalties assessed against these organizations increased greatly during this period. For example, the taxes and penalties assessed against social welfare organizations increased from \$484,554 in fiscal year 1990 to over \$138 million in fiscal year 1994. During this period, taxes and penalties assessed against labor and agricultural organizations increased from about \$2.4 million in fiscal year 1990 to nearly \$20 million in fiscal year 1994, while taxes and penalties assessed against business leagues decreased from nearly \$4.2 million to just over \$1.1 million. A majority of these assessments resulted from examinations of IRS Form 990T, "Exempt Organization Business Income Tax Return."¹⁰

¹⁰Tax exempt organizations must file a separate return and pay income taxes on income over \$1,000 that they receive as a result of activities that are not related to their exempt purpose.

GAO Number of Revocations of Tax-Exempt
Status (FY 92-94)

| Organizations | Fiscal years | | |
|------------------------|--------------|------|------|
| | 1992 | 1993 | 1994 |
| Social welfare | 10 | 16 | 8 |
| Labor and agricultural | 1 | 0 | 1 |
| Business leagues | 6 | 11 | 14 |

Source: IRS Exempt Organizations Division.

**Revocations of
Tax-Exemption for
Selected Organizations
(FY92-FY94)**

Between fiscal year 1992 and fiscal year 1994, IRS revoked the tax-exemptions of a combined 67 social welfare organizations, labor and agricultural organizations, and business leagues.¹¹ IRS revoked the tax exemption of 34 social welfare organizations, 31 business leagues, and 2 labor organizations during this 3-year period. IRS was unable to provide us with the specific reasons for these revocations.

In its May 1994 report, the Subcommittee on Oversight recommended that IRS be required to disclose the reasons for revoking an organization's tax-exempt status. At present, IRS is only required to disclose the name of charities that have had their tax-exemption revoked.

¹¹IRS could not provide specific data concerning revocations prior to FY 92.

Executives of Selected Tax-Exempt Organizations Who Were Compensated \$200,000 or More in 1992

| Organization | Title | Compensation |
|---|---|--------------|
| Social welfare organizations | | |
| American Association of Retired Persons | Executive Director | \$323,537 |
| AVMED, Inc. | President/Director | 235,459 |
| | Senior Vice-President/Director | 205,390 |
| Blue Cross Blue Shield Association | President and Chief Executive Officer | 777,947 |
| | Executive Vice-President and Chief Operating Officer (COO) | 413,091 |
| | Senior Vice-President | 221,929 |
| | Senior Vice-President | 210,589 |
| | Senior Vice-President | 200,960 |
| Connecticare | Executive Vice-President and Chief Medical Officer | 282,794 |
| | President and Chief Executive Officer | 216,845 |
| Higher Education Assistance Foundation | President | 220,452 |
| Independent Health Association, Inc. | President | 316,464 |
| | Executive Vice-President | 251,865 |
| Marine Spill Response Corporation | President | 244,679 |
| | Vice-President-Operations/General Manager | 211,137 |
| Midwest Foundation Independent Physicians Association | Chief Executive Officer | 380,718 |
| | Chief Medical Officer | 241,995 |
| Mutual of America Life Insurance Company | Chairman, President and Chief Executive Officer | 1,209,573 |
| | Senior Executive Vice-President and Chief Financial Officer | 328,173 |
| | President and COO | 322,338 |
| | Executive Vice-President/Chief Investment Officer | 313,931 |
| | Executive Vice-President-External Affairs | 287,455 |
| Tufts Associated Health Maintenance Organization | President | 428,887 |
| | None Given | 357,106 |
| | None Given | 314,211 |

(continued)

Appendix I
Executives of Selected Tax-Exempt
Organizations Who Were Compensated
\$200,000 or More in 1992

| Organization | Title | Compensation |
|---|--|---------------------|
| | None Given | 233,810 |
| Washington Dental Service | Executive Director | 296,378 |
| Labor and agricultural organizations | | |
| Air Line Pilots Association | President | 345,522 |
| American Federation of State, County and Municipal Employees (AFSCME) | President | 260,004 |
| | Secretary/Treasurer | 222,965 |
| American Federation of Teachers, AFL-CIO | President | 209,045 |
| Directors Guild of America | Executive Director | 420,627 |
| International Longshoremens | President | 272,069 |
| | Secretary/Treasurer | 245,494 |
| | Executive Vice-President | 233,354 |
| International Union of Operating Engineers | General President | 223,897 |
| Laborers International Union of North America | General President | 318,827 |
| | Second Vice-President | 232,436 |
| | First Vice-President | 225,928 |
| | General Secretary/Treasurer | 218,149 |
| | Seventh Vice-President | 214,264 |
| Local 32B-32J Service Employees International Union | President | 267,119 |
| Major League Baseball Players Association | Executive Director-Legal Counsel | 931,578 |
| Michigan Education Association | Executive Director | 220,632 |
| National Education Association of US, Inc. | President | 221,712 |
| New York City District Council 37, AFSCME, AFL-CIO | Executive Director | 216,858 |
| | Treasurer | 202,749 |
| Screen Actors Guild, Inc. | National Executive Director | 318,007 |
| | Assistant National Executive Director | 277,706 |
| Service Employees International Union | President | 203,080 |
| United Brotherhood of Carpenters and Joiners of America | General President | 219,136 |
| United Food and Commercial Workers International Union | President | 293,992 |

(continued)

**Appendix I
Executives of Selected Tax-Exempt
Organizations Who Were Compensated
\$200,000 or More in 1992**

| Organization | Title | Compensation |
|--|--|---------------------|
| | Secretary/Treasurer | 211,337 |
| United Transportation Union | Vice-President | 285,903 |
| | Vice-President | 277,105 |
| | President | 214,927 |
| | | |
| Business leagues | | |
| AIPSO | President | 275,713 |
| Air Transport Association of America | President | 230,603 |
| American Bankers Association | Executive Vice-President | 489,951 |
| American Bar Association | Executive Director | 230,525 |
| American Board of Family Practice | Executive Director | 381,305 |
| American College of Emergency Physicians | Executive Director | 270,625 |
| American Dental Association | Executive Director | 215,850 |
| American Gas Association | President | 343,780 |
| | Senior Vice-President | 207,667 |
| | Senior Vice-President | 203,125 |
| American Hardware Manufacturing Association | President, Chief Executive Officer and Secretary | 373,588 |
| American Health Care Association | Executive Vice-President | 310,059 |
| American Hospital Association | President | 536,200 |
| | Senior Vice-President | 258,766 |
| | Secretary/Treasurer | 244,636 |
| | Executive Vice-President | 238,540 |
| | Senior Vice President | 213,859 |
| American Institute of Architects | Executive Vice-President/Chief Executive Officer | 303,787 |
| American Institute of Certified Public Accountants | President | 512,947 |
| | Counsel and Secretary | 263,195 |
| American Insurance Association Inc. | President | 616,176 |
| | Senior Vice-President | 260,065 |
| | Senior Vice-President and General Counsel | 242,569 |
| | Senior Vice-President | 230,782 |
| American Medical Association | Executive Vice-President | 486,910 |
| | President-Elect | 329,607 |
| | President | 298,240 |

(continued)

**Appendix I
Executives of Selected Tax-Exempt
Organizations Who Were Compensated
\$200,000 or More in 1992**

| Organization | Title | Compensation |
|--|---------------------------------------|---------------------|
| | Immediate Past-President | 220,070 |
| American Petroleum Institute | President | 742,111 |
| | Senior Vice-President | 282,393 |
| | Vice-President | 215,108 |
| | Vice-President | 213,440 |
| | Vice-President | 205,387 |
| American Pharmaceutical Association | Executive Vice-President | 336,849 |
| American Physical Therapy Association | Executive Vice-President | 259,614 |
| American Society of Association Executives | President | 430,043 |
| American Society of Hospital Pharmacists | Executive Vice-President | 458,773 |
| American Trucking Association, Inc. | President | 295,750 |
| AMT - The Association For Manufacturing Technology | President | 346,047 |
| Association of American Railroads | President and Chief Executive Officer | 488,188 |
| | Vice-President and General Counsel | 288,065 |
| | Executive Vice-President | 274,393 |
| ATP Tour, Inc. | Chief Executive Officer | 871,321 |
| Audio Digest Foundation | Vice-President | 207,400 |
| Bank Administration Institute | President/Chief Executive Officer | 245,000 |
| Breeders' Cup Limited | Executive Director | 209,053 |
| | President | 203,077 |
| Cable Television Labs, Inc. | President/Chief Executive Officer | 394,038 |
| | Vice-President/COO | 385,004 |
| California Association of Hospitals and Health Systems | President | 432,998 |
| California Association of Realtors | Chief Executive | 250,866 |
| | Vice-President | 206,145 |
| California Dental Association | Executive Director | 225,443 |
| Chamber of Commerce of the U.S.A. | President | 452,704 |
| | Senior Vice-President/Secretary | 220,877 |
| | Senior Vice-President | 220,877 |
| | Senior Vice-President | 220,329 |

(continued)

Appendix I
Executives of Selected Tax-Exempt
Organizations Who Were Compensated
\$200,000 or More in 1992

| Organization | Title | Compensation |
|---|--|---------------------|
| Chemical Industry Institute of Toxicology | President | 278,848 |
| Cosmetic Toiletry and Fragrance Association | President | 542,137 |
| Credit Union National Association, Inc. | President | 304,728 |
| Edison Electric Institute | President | 272,970 |
| | General Counsel and Executive Vice-President | 213,649 |
| Electronic Industries Association | President | 475,063 |
| | Group Vice-President | 201,096 |
| Food Marketing Institute | President | 1,559,305 |
| | Senior Vice-President | 254,429 |
| | Senior Vice-President | 229,470 |
| Greater Seattle Chamber of Commerce | President | 211,909 |
| Health Insurance Association of America | President | 422,307 |
| | Vice-President | 261,542 |
| | Vice-President | 211,379 |
| | Vice-President | 208,553 |
| | Vice-President | 201,846 |
| Illinois Hospital Association | President | 283,858 |
| | Senior Vice-President | 219,404 |
| Independent Bankers Association of America | Executive Vice-President | 218,728 |
| Institute of Electrical and Electronics Engineers | Executive Director | 255,993 |
| International Council of Shopping Centers, Inc. | Executive Vice-President | 539,681 |
| Investment Company Institute | President | 619,602 |
| | Executive Vice-President | 353,698 |
| | Senior Vice-President-Legislative Affairs | 299,539 |
| | Vice-President-Tax and Pension | 230,361 |
| Motion Picture Association of America | President and Chief Executive Officer | 816,368 |
| | Executive Vice-President and COO | 606,115 |
| NASDAQ, Inc. | President | 214,378 |

(continued)

Appendix I
Executives of Selected Tax-Exempt
Organizations Who Were Compensated
\$200,000 or More in 1992

| Organization | Title | Compensation |
|---|--|---------------------|
| National Academy of Recording Arts and Sciences, Inc. | President | 612,386 |
| National Association of Chain Drug Stores | President | 634,426 |
| | Vice-President-Pharmacy | 269,408 |
| National Association of Convenience Stores | President | 212,884 |
| National Association of Professional Insurance Agents | None Given | 280,360 |
| National Association of Realtors | Executive Vice-President | 438,340 |
| National Association of Securities Dealers, Inc. | President and Chief Executive Officer | 431,178 |
| | Vice-President | 202,072 |
| National Council on Compensation Insurance | President | 445,580 |
| | COO | 317,772 |
| | Senior Vice-President-Rates and External Affairs | 227,256 |
| | Senior Vice-President-Information Resource | 200,328 |
| National Electrical Manufacturers Association | President | 214,143 |
| National Hot Rod Association | President | 335,000 |
| National Institute for Automotive Service Excellence | President | 227,925 |
| National Rural Electric Cooperative | Executive Vice-President | 233,777 |
| National Soft Drink Association | President | 503,798 |
| National Solid Wastes Management Association | Executive Director/Chief Executive Officer | 321,090 |
| National Telephone Cooperative Association | Executive Director | 232,300 |
| National Wholesale Druggists' Association | Past Executive Director | 589,149 |
| New York Shipping Association, Inc. | President | 230,550 |
| Newspaper Association of America | President and Chief Executive Officer | 815,719 |
| | Executive Vice-President and COO | 309,361 |
| Open Software Foundation | President | 1,461,569 |
| | Treasurer | 914,216 |
| | Secretary | 267,299 |

(continued)

**Appendix I
 Executives of Selected Tax-Exempt
 Organizations Who Were Compensated
 \$200,000 or More in 1992**

| Organization | Title | Compensation |
|--|--|---------------------|
| PGA Tour, Inc. | Commissioner | 4,103,493 |
| | Deputy Commissioner/COO | 693,335 |
| | Executive Vice-President - Marketing | 528,580 |
| | Executive Vice-President-Counsel | 383,644 |
| | Executive Vice-President | 344,866 |
| Portland Cement Association | President | 301,324 |
| Public Securities Association | President and Secretary | 320,424 |
| | Executive Vice-President | 266,613 |
| | Senior Vice-President and General Counsel | 208,607 |
| Savings and Community Bankers of America | Former President | 310,508 |
| Savings Banks Life Insurance Fund | President (Retired) | 213,463 |
| Semiconductor Equipment and Materials International | President | 294,812 |
| Semiconductor Research Corporation | President | 272,981 |
| Sheet Metal and Air Conditioning Contractors' National Association | Executive Vice-President | 232,310 |
| Society for Human Resource Management | President/Chief Executive Officer | 334,080 |
| Texas Medical Association | Executive Vice-President | 225,277 |
| The Association of Trial Lawyers of America | Executive Director | 243,408 |
| The Council for Tobacco Research - USA, Inc. | Chairman/President | 340,634 |
| The Hospital Association of Pennsylvania | President | 239,241 |
| | Senior Vice-President | 207,759 |
| The National Association of Life Underwriters | Executive Vice-President | 586,026 |
| | Senior Vice-President-General Counsel | 208,145 |
| The Professional Golfers' Association of America | Chief Executive Officer | 386,788 |
| The Society of the Plastics Industry, Inc. | President | 290,637 |

Source: GAO analysis of IRS data.

Executives of Selected Tax-Exempt Organizations Who Received Compensation From Related Organizations in 1992

| Organization (related organization) | Title | Compensation |
|--|------------------------------------|------------------|
| Social welfare organizations | | |
| Higher Education Loan Program (HELP) of Kansas | Chairman of the Board and Director | \$49,700 |
| HELP Management Corporation | | 149,100 |
| HELP America Inc. | | 12,400 |
| HELP D.C. Inc. | | 24,800 |
| HELP W.V. Inc. | | 12,400 |
| Total | | \$248,400 |
| Higher Education Loan Program (HELP) of Kansas | President/Secretary/Treasurer | 31,600 |
| HELP Management Corporation | | 52,800 |
| HELP Management Corporation | | 15,500 |
| HELP W.V. Inc. | | 5,400 |
| Total | | \$105,300 |
| AVMED, Inc. | President/Director | 235,459 |
| Santafe Management Services, Inc. | | 16,011 |
| Alachua General Hospital, Inc. | | 35,676 |
| Total | | \$287,146 |
| AVMED, Inc. | Executive Vice President/Director | 147,812 |
| Wellness, Inc. | | 3,650 |
| Santafe Medical Services, Inc. | | 3,650 |
| Alachua General Hospital, Inc. | | 12,744 |
| Bradford Hospital, Inc. | | 3,650 |
| Suwannee Hospital, Inc. | | 1,825 |
| Lake Shore Hospital, Inc. | | 5,475 |
| North Central Florida Rehabilitation, Inc. | | 3,650 |
| Santafe Management Services, Inc. | | 1,113 |

(continued)

Appendix II
Executives of Selected Tax-Exempt
Organizations Who Received Compensation
From Related Organizations in 1992

| Organization (related organization) | Title | Compensation |
|---|---|---------------------|
| Total | | \$183,599 |
| Henry Ford Health Care Corporation Self-Funded Liability Plan | President | \$0 |
| Henry Ford Health System | | 700,900 |
| Total | | \$700,900 |
| Henry Ford Health Care Corporation Self-Funded Liability Plan | Trustee | 0 |
| Henry Ford Health System | | 488,108 |
| Total | | \$488,108 |
| Henry Ford Health Care Corporation Self-Funded Liability Plan | Treasurer | 0 |
| Henry Ford Health System | | 395,601 |
| Total | | \$395,601 |
| Henry Ford Health Care Corporation Self-Funded Liability Plan | Trustee | 0 |
| Henry Ford Health System | | 263,210 |
| Total | | \$263,210 |
| Henry Ford Health Care Corporation Self-Funded Liability Plan | Trustee | 0 |
| Henry Ford Health System | | 212,525 |
| Total | | \$212,525 |
| Labor and Agricultural Organizations | | |
| International Brotherhood of Teamsters | General Secretary-Treasurer | 187,617 |
| Teamsters Local Union No.30 | | 12,320 |
| Total | | \$199,937 |
| International Brotherhood of Teamsters | Vice President-International Representative | 166,564 |
| Teamsters Local Union No. 1999 | | 57,684 |
| Canadian Conference of Teamsters | | 78,289 |

(continued)

**Appendix II
Executives of Selected Tax-Exempt
Organizations Who Received Compensation
From Related Organizations in 1992**

| Organization (related organization) | Title | Compensation |
|--|---|---------------------|
| Total | | \$302,537 |
| International Brotherhood of Teamsters | Vice President-International Representative | 84,523 |
| Teamsters Local Union No. 938 | | 85,566 |
| Canadian Conference of Teamsters | | 19,100 |
| Total | | \$189,189 |
| District 37 Benefits Fund Trust | Chairman of the Board | \$ 0 |
| AFSCME District Council 37 | | 224,301 |
| Total | | \$224,301 |
| District 37 Benefits Fund Trust | Trustee | 0 |
| AFSCME District Council 37 | | 210,016 |
| Total | | \$210,016 |
| District 37 Benefits Fund Trust | Trustee | 0 |
| AFSCME District Council 37 | | 184,408 |
| Total | | \$184,408 |
| Seafarers Harry Lundberg School of Seamanship | Trustee | 0 |
| Seafarers International Union of North America | | 68,977 |
| United Industrial Workers, Services, Transportation, Professional, and Government of North America | | 40,000 |
| Seafarers Building Corporation | | 24,923 |
| Total | | \$133,900 |
| Joint Employment Committee | Administrator | 5,323 |
| MEBA Medical and Benefits Plan | | 140,540 |
| Total | | \$145,863 |

(continued)

**Appendix II
 Executives of Selected Tax-Exempt
 Organizations Who Received Compensation
 From Related Organizations in 1992**

| Organization (related organization) | Title | Compensation |
|--|---------------------------------------|---------------------|
| Business Leagues | | |
| National Association of Securities Dealers, Inc. | President and Chief Executive Officer | 431,178 |
| NASD Market Services, Inc. | | 214,378 |
| NASDAQ, Inc. | | 214,378 |
| Total | | \$859,934 |
| National Association of Securities Dealers, Inc. | Executive Vice President | 181,133 |
| NASD Market Services, Inc. | | 90,566 |
| NASDAQ, Inc. | | 90,566 |
| Total | | \$362,265 |
| PGA Tour, Inc. | Commissioner | \$4,103,493 |
| PGA Tour Golf Course Properties, Inc. | | 711,807 |
| Total | | \$4,815,300 |
| PGA Tour, Inc. | Deputy Commissioner/COO | 693,335 |
| PGA Tour Golf Course Properties, Inc. | | 676,512 |
| Total | | \$1,369,847 |
| PGA Tour, Inc. | Executive Vice President/Counsel | 383,644 |
| PGA Tour Golf Course Properties, Inc. | | 159,420 |
| Total | | \$543,064 |
| The Hospital Association of Pennsylvania | President | 239,241 |
| PHICO Group, Inc. | | 83,750 |
| Total | | \$322,991 |
| NASDAQ, Inc. | President | 214,378 |
| NASD Market Services, Inc. | | 214,378 |
| National Association of Securities Dealers, Inc. | | 428,760 |
| Total | | \$857,516 |
| NASDAQ, Inc. | Senior Vice President | 92,367 |

(continued)

Appendix II
Executives of Selected Tax-Exempt
Organizations Who Received Compensation
From Related Organizations in 1992

| Organization (related organization) | Title | Compensation |
|--|--------------------------|---------------------|
| NASD Market Services, Inc. | | 75,401 |
| National Association of Securities Dealers, Inc. | | 20,734 |
| Total | | \$188,502 |
| NASDAQ, Inc. | Executive Vice President | 90,566 |
| NASD Market Services, Inc. | | 90,566 |
| National Association of Securities Dealers, Inc. | | 181,133 |
| Total | | \$362,265 |
| NASDAQ, Inc. | Executive Vice President | 84,710 |
| NASD Market Services, Inc. | | 84,710 |
| National Association of Securities Dealers, Inc. | | 169,422 |
| Total | | \$388,842 |
| New Jersey Hospital Association | President | 142,871 |
| Center for Health Affairs Inc. | | 214,089 |
| Total | | \$356,960 |
| New Jersey Hospital Association | Treasurer | 0 |
| Center for Health Affairs Inc. | | 180,457 |
| Total | | \$180,457 |
| New Jersey Hospital Association | Secretary | 0 |
| Center for Health Affairs Inc. | | 169,309 |
| Total | | \$169,309 |
| National Automobile Dealers Association | Executive Vice President | 163,586 |
| NADA Services Corporation | | 104,264 |
| Total | | \$267,850 |

(continued)

**Appendix II
 Executives of Selected Tax-Exempt
 Organizations Who Received Compensation
 From Related Organizations in 1992**

| Organization (related organization) | Title | Compensation |
|--|-------------------------------|---------------------|
| National Automobile Dealers Association | Assistant Secretary | 72,011 |
| NADA Services Corporation | | 58,918 |
| Total | | \$130,929 |
| American Trucking Association, Inc. | President | 295,750 |
| ATA Litigation Center | | 45,500 |
| ATA Foundation | | 45,500 |
| Deliver USA | | 22,750 |
| ATA Services, Inc. | | 22,750 |
| Trucking Information Services | | 22,750 |
| Total | | \$455,000 |
| California League of Savings Institutions | President | 79,823 |
| California League Financial Services, Inc. | | 25,207 |
| Total | | \$105,030 |
| National Wholesale Druggists' Association | President | 157,611 |
| NWDA Service Corp. | | 22,370 |
| Total | | \$179,981 |
| American Insurance Association, Inc. | President | 616,176 |
| American Insurance Services Group, Inc. | | 331,788 |
| Total | | \$947,964 |
| American Insurance Association, Inc. | Senior Vice-President and COO | \$186,154 |
| American Insurance Services Group, Inc. | | 124,104 |
| Total | | \$310,258 |

Note: This table includes only the top five executives of these organizations who received compensation from related organizations.

Source: GAO analysis of IRS data.

Assets, Revenues and Expenses of the Tax-Exempt Organizations Included in This Study

| Dollars in thousands | | | |
|---|---------------|-----------------|-----------------|
| Name of organization | Assets | Revenues | Expenses |
| Social welfare organizations | | | |
| American Association of Retired Persons | \$330,638 | \$292,264 | \$310,763 |
| AVMED, Inc. | 98,346 | 310,256 | 288,561 |
| Bank of Sweden Tercentenary Foundation | 284,429 | 20,988 | 14,371 |
| Blue Care Network of Southeast Michigan | 132,446 | 173,845 | 158,686 |
| Blue Care Network-Great Lakes | 54,598 | 172,034 | 169,729 |
| Blue Cross Blue Shield Association | 134,320 | 133,381 | 131,159 |
| California Vision Service | 143,754 | 304,224 | 299,865 |
| Capital District Physicians' Health Plan, Inc. | 69,372 | 164,166 | 151,289 |
| City of Mesa-Municipal Development Corporation | 50,152 | 3,101 | 2,339 |
| City of Scottsdale Municipal Property Corporation | 203,588 | 41,913 | 15,178 |
| Columbus Multi-School Building Corporation | 57,291 | 1,653 | 3,316 |
| Connecticare | 60,906 | 190,645 | 187,197 |
| County of Riverside Asset Leasing Corporation | 580,280 | 34,651 | 29,879 |
| CSDA Finance Corporation | 274,390 | 19,787 | 19,730 |
| Delta Dental Plan of Michigan, Inc. | 148,660 | 401,729 | 399,206 |
| Delta Dental Plan of New Jersey, Inc. | 67,113 | 130,564 | 122,605 |
| Disabled American Veterans | 144,832 | 70,995 | 68,854 |
| Firemen's Association of the State of New York | 66,710 | 9,549 | 5,610 |
| Firemens Relief Associations of Minnesota | 52,968 | 3,403 | 1,419 |
| Group Health Association | 82,704 | 251,817 | 248,624 |
| Henry Ford Health Care Corporation Liability Fund | 55,565 | 23,345 | 21,712 |
| Higher Education Assistance Foundation | 216,210 | 172,588 | 62,703 |
| Higher Education Loan Program of Kansas, Inc. | 235,523 | 14,972 | 10,969 |
| Independent Health Association, Inc. | 83,935 | 252,288 | 244,398 |
| International Olympic Committee | 127,121 | 18,122 | 22,696 |
| JADER Trust | 101,133 | 6,194 | 4,060 |
| Luso-American Development Foundation | 130,327 | 24,890 | 15,188 |
| Marine Spill Response Corporation | 264,818 | 84,610 | 72,888 |
| Medcenters Health Care, Inc. | 102,899 | 352,189 | 349,834 |

(continued)

**Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study**

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| Merrillville Multi-School Building Corporation | 117,269 | 3,304 | 5,773 |
| Midwest Foundation Independent Physicians Association | 110,063 | 225,844 | 213,056 |
| Minneapolis Fire Department Relief Association | 165,395 | 15,777 | 11,714 |
| Minneapolis Police Relief Association | 264,282 | 41,230 | 967 |
| Minnesota School Boards Association Insurance Trust | 67,554 | 42,090 | 42,056 |
| Mohawk Valley Physician's Health Plan | 66,183 | 178,909 | 175,637 |
| Municipal Improvement Corporation/Los Angeles | 69,061 | 151,037 | 158,579 |
| Mutual of America Life Insurance Company | 5,521,940 | 746,637 | 718,746 |
| National Rifle Association of America | 111,019 | 101,781 | 139,022 |
| New Albany-Floyd County School Building Corporation | 57,932 | 1,242 | 51 |
| Physicians Health Plan, Inc. | 56,639 | 178,754 | 178,352 |
| Regional Airports Improvement Corporation | 489,656 | 38,936 | 38,936 |
| Sisters of Providence Good Health Plan of Oregon | 58,863 | 117,663 | 111,068 |
| The Buffalo Enterprise Development Corporation | 78,897 | 2,192 | 2,926 |
| Trans-Alaska Pipeline Liability Fund | 327,579 | 37,746 | 57,633 |
| Tufts Associated Health Maintenance Organization | 88,902 | 311,821 | 300,897 |
| Washington Dental Service | 73,670 | 191,874 | 188,824 |
| Labor and agricultural organizations | | | |
| AFL-CIO | 77,991 | 69,037 | 61,736 |
| Air Line Pilots Association | 97,057 | 82,143 | 69,723 |
| Amalgamated Clothing and Textile Workers Union-Rochester Joint Board | 25,273 | 3,589 | 2,053 |
| American Federation of State, County and Municipal Employees | 26,862 | 77,326 | 74,497 |
| American Federation of Teachers, AFL-CIO | 51,073 | 69,280 | 63,279 |
| Atlantic Coast District ILA | 26,130 | 3,275 | 2,726 |
| Bakery Confectionery and Tobacco Workers International | 24,178 | 11,875 | 12,056 |
| Carrier-ILA Container Freight Station Trust Fund | 33,375 | 14,544 | 2,330 |
| Dakota's Areawide IBEW-NECA Pension Fund | 35,770 | 3,447 | 1,295 |

(continued)

**Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study**

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| Directors Guild of America | 45,632 | 10,553 | 7,029 |
| District Council 37 Benefits Fund Trust | 147,285 | 155,707 | 138,853 |
| Educational and Cultural Trust Fund of the Electrical Industry | 30,534 | 1,766 | 6,926 |
| Holstein-Friesian Association of America | 27,845 | 16,166 | 16,866 |
| International Brotherhood of Electrical Workers #5 | 23,421 | 5,612 | 4,342 |
| International Brotherhood of Painters and Allied Trades | 36,924 | 24,445 | 23,483 |
| International Brotherhood of Teamsters | 138,104 | 98,321 | 129,850 |
| International Ladies Garment Workers | 61,032 | 43,539 | 45,896 |
| International Ladies Garment Workers Union | 383,316 | 83,969 | 66,865 |
| International Longshoremens | 39,479 | 10,635 | 10,684 |
| International Union of Electronic Workers, AFL-CIO | 51,441 | 21,792 | 19,982 |
| International Union of Operating Engineers | 85,802 | 36,854 | 23,522 |
| International Union, UAW | 1,052,775 | 386,988 | 365,476 |
| Joint Employment Committee | 23,606 | 1,923 | 1,009 |
| Laborers International Union of North America | 151,957 | 52,223 | 82,546 |
| Local 32B-32J Service Employees International Union | 64,207 | 24,406 | 17,201 |
| Local One, Amalgamated Lithographers of America | 30,112 | 3,806 | 17,748 |
| Los Angeles County Fair Association | 88,041 | 30,297 | 29,446 |
| Major League Baseball Players Association | 128,461 | 38,974 | 5,927 |
| Michigan Education Association | 23,529 | 41,881 | 43,198 |
| National Education Association of US, Inc. | 127,661 | 186,472 | 186,754 |
| National League of Postmasters | 26,533 | 33,892 | 91,700 |
| New York City District Council 37, AFSCME, AFL-CIO | 31,216 | 26,166 | 24,654 |
| North Carolina Farm Bureau Federation, Inc. | 22,491 | 6,425 | 4,321 |
| Retail Wholesale and Department Store Union, Local 338 | 40,690 | 6,779 | 2,380 |
| Retail Wholesale And Department Store Union | 24,108 | 8,165 | 9,497 |
| Screen Actors Guild, Inc. | 40,832 | 25,747 | 28,798 |
| Seafarers Harry Lundeberg School of Seamanship | 40,183 | 9,371 | 15,426 |

(continued)

**Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study**

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| Service Employees International Union | 45,325 | 57,935 | 55,026 |
| UAW-Chrysler Skill Development And Training Program | 55,368 | 50,248 | 28,835 |
| United Brotherhood of Carpenters and Joiners of America | 154,532 | 58,204 | 56,542 |
| United Food And Commercial Workers International Union | 127,861 | 117,159 | 108,752 |
| United Mine Workers of America | 127,765 | 37,887 | 26,077 |
| United Paperworkers International Union | 33,025 | 28,114 | 26,415 |
| United States Letter Carriers Mutual Benefit Association | 67,931 | 20,145 | 17,557 |
| United Steelworkers of America International Union | 194,904 | 232,187 | 237,493 |
| United Transportation Union | 48,407 | 40,937 | 37,326 |
| Business leagues | | | |
| Academy of Motion Picture Arts and Sciences | 38,730 | 17,431 | 11,909 |
| AIPSO | 19,552 | 11,339 | 34,291 |
| Air Transport Association of America | 13,234 | 35,871 | 35,871 |
| Alabama Insurance Guaranty Association | 23,383 | 11,357 | 11,164 |
| American Association of Nurse Anesthetists | 10,786 | 8,906 | 7,496 |
| American Association of Oral And Maxillofacial Surgeons | 12,979 | 7,373 | 6,881 |
| American Bankers Association | 82,702 | 53,318 | 50,732 |
| American Bar Association | 117,925 | 95,142 | 88,439 |
| American Board of Family Practice | 11,713 | 5,993 | 5,334 |
| American Board of Obstetrics and Gynecology, Inc. | 9,600 | 3,508 | 3,046 |
| American Board of Psychiatry and Neurology | 10,187 | 5,708 | 4,055 |
| American College of Emergency Physicians | 10,135 | 13,580 | 13,506 |
| American Dental Association | 52,635 | 43,240 | 46,023 |
| American Gas Association | 24,817 | 59,383 | 59,148 |
| American Hardware Manufacturing Association | 17,846 | 7,771 | 6,451 |
| American Health Care Association | 10,707 | 10,709 | 10,373 |
| American Health Information Management Association | 17,447 | 8,243 | 9,304 |
| American Hospital Association | 83,379 | 85,474 | 85,088 |

(continued)

Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| American Institute of Architects | 44,446 | 31,396 | 34,988 |
| American Institute of Certified Public Accountants | 71,502 | 120,200 | 117,745 |
| American Insurance Association Inc. | 10,785 | 22,607 | 23,595 |
| American Medical Association | 215,144 | 170,186 | 174,571 |
| American Nurses Association | 11,798 | 21,375 | 19,132 |
| American Petroleum Institute | 40,790 | 69,510 | 70,728 |
| American Pharmaceutical Association | 9,291 | 9,956 | 9,954 |
| American Physical Therapy Association | 16,447 | 17,017 | 16,484 |
| American Plywood Association | 9,315 | 13,757 | 13,464 |
| American Public Transit Association | 14,225 | 9,325 | 9,142 |
| American Society of Association Executives | 12,013 | 15,752 | 15,595 |
| American Society of Hospital Pharmacists | 29,375 | 24,837 | 23,021 |
| American Speech-Language-Hearing Association | 26,872 | 16,330 | 16,088 |
| American Trucking Association, Inc. | 21,192 | 27,482 | 27,018 |
| American Veterinary Medical Association | 15,263 | 13,122 | 12,885 |
| Americus-Sumpter Payroll Development Authority | 9,644 | 1,993 | 771 |
| AMT - The Association for Manufacturing Technology | 19,372 | 17,879 | 17,065 |
| Arkansas Capital Corporation | 16,976 | 1,303 | 1,079 |
| Association for Information And Image Management | 14,571 | 9,992 | 7,873 |
| Association of American Railroads | 41,007 | 93,240 | 83,106 |
| ATP Tour, Inc. | 24,922 | 42,759 | 42,350 |
| Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois | 13,495 | 7,216 | 5,842 |
| Audio Digest Foundation | 17,997 | 8,201 | 7,753 |
| Bank Administration Institute | 14,620 | 4,358 | 4,385 |
| Baseball Office of the Commissioner | 18,651 | 15,636 | 14,636 |
| Breeders' Cup Limited | 31,510 | 30,041 | 24,973 |
| Cable Television Labs, Inc. | 19,305 | 11,176 | 10,046 |
| California Association of Hospitals and Health Systems | 16,939 | 12,353 | 12,572 |
| California Association of Realtors | 12,541 | 15,961 | 15,808 |
| California Dental Association | 70,445 | 16,881 | 10,617 |
| California League of Savings Institutions | 12,974 | 2,650 | 2,776 |

(continued)

**Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study**

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| California Medical Association, Inc. | 10,319 | 16,154 | 16,891 |
| Career College Association | 6,812 | 10,337 | 10,792 |
| Central Minnesota Development Company | 13,290 | 1,110 | 1,087 |
| Chamber of Commerce of the USA | 40,916 | 67,474 | 80,186 |
| Chemical Industry Institute of Toxicology | 20,924 | 15,454 | 15,489 |
| Chemical Specialties Manufacturers Association | 9,383 | 3,811 | 3,519 |
| Chicago Bar Association | 16,590 | 7,526 | 7,246 |
| Connecticut Insurance Guaranty Association | 55,187 | 10,636 | 23,394 |
| Construction Industry Manufacturing Association | 15,519 | 8,513 | 3,425 |
| Cosmetic Toiletry And Fragrance Association | 12,611 | 8,498 | 8,396 |
| Credit Union National Association, Inc. | 12,837 | 24,028 | 22,875 |
| Delaware Insurance Guaranty Association | 13,921 | 8,348 | 3,063 |
| Edison Electric Institute | 46,546 | 61,299 | 59,154 |
| Electronic Industries Association | 47,914 | 41,440 | 34,668 |
| Empire State Electric Energy | 32,443 | 2,500 | 2,625 |
| Florida Insurance Guaranty Association, Inc. | 45,203 | 147,783 | 221,720 |
| Florida Self Insurers Guaranty Association, Inc. | Unknown | 6,552 | 7,397 |
| Food Marketing Institute | 34,241 | 34,347 | 33,354 |
| Georgia Insurers Insolvency Pool | 18,308 | 1,511 | 5,743 |
| Greater Erie Industrial Development Corporation | 14,271 | 1,079 | 365 |
| Greater Seattle Chamber of Commerce | 10,117 | 7,746 | 7,764 |
| Health Insurance Association of America | 17,963 | 27,355 | 32,675 |
| Illinois Hospital Association | 16,859 | 10,769 | 10,077 |
| Illinois Insurance Exchange Guaranty Fund, Inc. | 18,459 | 1,686 | 2 |
| Illinois Insurance Guaranty Fund | 47,792 | 23,896 | 18,887 |
| Independent Bankers Association of America | 11,376 | 8,652 | 8,024 |
| Independent Insurance Agents of America | 14,324 | 11,105 | 9,289 |
| Indiana Life and Health Insurance Guaranty Association | 43,640 | 33,291 | 36,670 |
| Institute of Electrical And Electronics Engineers | 109,639 | 110,474 | 107,237 |

(continued)

Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|---|---------------|-----------------|-----------------|
| International Council of Shopping Centers, Inc. | 17,639 | 18,789 | 17,285 |
| Investment Company Institute | 14,518 | 23,255 | 22,372 |
| Louisiana Insurance Guaranty Association | 28,805 | 70,760 | 75,814 |
| Maine Insurance Guaranty Association | 15,126 | 14,039 | 14,650 |
| Marine Preservation Association | 25,660 | 104,117 | 85,902 |
| Massachusetts Insurers Insolvency Fund | 56,289 | 33,155 | 23,782 |
| Massachusetts Medical Society | 60,218 | 55,584 | 53,005 |
| Medical and Chirurgical Faculty of Maryland | 15,198 | 4,387 | 3,791 |
| Medical Society of the State of New York | 11,369 | 8,102 | 8,533 |
| Michigan Automobile Insurance Placement Facility | 312,544 | 242,643 | 239,053 |
| Michigan Basic Property Insurance Association | 52,602 | 94,813 | 76,990 |
| Michigan Credit Union League | 17,564 | 5,557 | 5,180 |
| Michigan Life And Health Insurance Guaranty Association | 9,289 | 9,474 | 7,728 |
| Michigan Property And Casualty Guaranty Association | 30,056 | 9,560 | 15,067 |
| Million Dollar Round Table of the National Association of Life Underwriters | 13,528 | 8,473 | 7,755 |
| Minnesota Insurance Guaranty Association | 40,073 | 24,099 | 25,490 |
| Minnesota Life and Health Insurance Guaranty Association | 25,524 | 5,053 | 14,094 |
| Minnesota Workers Compensation Insurers Association, Inc. | 46,595 | 7,138 | 3,337 |
| Mississippi Insurance Guaranty Association | 15,020 | 5,172 | 3,945 |
| Mississippi Life And Health Insurance Guaranty Association | 13,736 | 3,349 | 3,341 |
| Missouri Joint Underwriting Association | 11,197 | 7,779 | 8,808 |
| Motion Picture Association of America | 20,393 | 29,322 | 27,860 |
| Motor Vehicle Accident Indemnification Corporation | 54,770 | 34,706 | 33,023 |
| NASDAQ, Inc. | 79,045 | 62,313 | 46,554 |
| National Academy of Recording Arts and Sciences, Inc. | 19,745 | 15,769 | 11,734 |
| National Association of Chain Drug Stores | 12,636 | 14,460 | 13,549 |
| National Association of Convenience Stores | 9,596 | 7,818 | 6,961 |

(continued)

**Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study**

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|---|---------------|-----------------|-----------------|
| National Association of Music Merchants, Inc. | 15,057 | 5,889 | 4,733 |
| National Association of Printers And Lithographers | 17,254 | 3,305 | 3,253 |
| National Association of Professional Insurance Agents | 24,617 | 5,512 | 5,397 |
| National Association of Realtors | 51,529 | 48,611 | 57,469 |
| National Association of Securities Dealers, Inc. | 286,251 | 161,972 | 144,034 |
| National Automobile Dealers Association | 42,173 | 23,468 | 18,774 |
| National Cargo Bureau | 9,874 | 8,971 | 7,989 |
| National Council on Compensation Insurance | 48,693 | 100,215 | 98,890 |
| National Electrical Manufacturers Association | 9,282 | 11,760 | 11,495 |
| National Federation of Independent Business, Inc. | 30,553 | 63,160 | 61,917 |
| National Food Processors Association | 29,228 | 17,481 | 16,557 |
| National Hot Rod Association | 23,375 | 44,120 | 41,377 |
| National Institute for Automotive Service Excellence | 11,500 | 10,933 | 8,300 |
| National Live Stock and Meat Board | 13,623 | 53,977 | 52,773 |
| National Rural Electric Cooperative | 39,192 | 54,625 | 53,857 |
| National Soft Drink Association | 12,230 | 10,298 | 7,033 |
| National Solid Wastes Management Association | 11,110 | 14,938 | 14,001 |
| National Telephone Cooperative Association | 14,940 | 7,600 | 7,075 |
| National Wholesale Druggists' Association | 11,212 | 7,372 | 6,870 |
| New Hampshire Automobile Reinsurance Facility | 79,042 | 32,113 | 1,924 |
| New Hampshire Insurance Guaranty Association | 14,087 | 8,292 | 4,796 |
| New Jersey Hospital Association | 43,160 | 7,329 | 6,889 |
| New Jersey Property Liability Insurance Guaranty Association | 34,462 | 174,652 | 8,618 |
| New Jersey Surplus Lines Insurance Guaranty Fund | 34,816 | 26,043 | 1,579 |
| New Mexico Property and Casualty Insurance Guaranty Association | 9,548 | 10,343 | 6,902 |
| New York Shipping Association, Inc. | 51,823 | 181,265 | 83,085 |
| New York State Bar Association | 11,784 | 13,167 | 12,287 |

(continued)

**Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study**

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|---|---------------|-----------------|-----------------|
| Newspaper Association of America | 26,263 | 32,225 | 32,786 |
| North Carolina Insurance Guaranty Association | 17,056 | 9,042 | 10,145 |
| North Carolina Life and Health Guaranty Association | 33,999 | 48,129 | 23,419 |
| North Dakota Insurance Guaranty Association | 1,724 | 137 | 212 |
| Northern California Golf Association | 11,087 | 3,478 | 2,992 |
| Ohio Education Association | 11,429 | 28,297 | 28,291 |
| Ohio Insurance Guarantee Association | 57,319 | 13,211 | 10,398 |
| Ohio Life And Health Insurance Guaranty Association | 92,509 | 43,250 | 8,993 |
| Ohio State Bar Association | 11,762 | 5,734 | 5,065 |
| Oklahoma Property and Casualty Insurance Guaranty Association | 20,665 | 10,627 | 5,615 |
| Open Software Foundation | 27,876 | 61,860 | 61,860 |
| Packaging Machinery Manufacturers Institute | 11,710 | 9,051 | 8,100 |
| Pennsylvania Chamber of Business and Industry | 9,639 | 3,508 | 3,087 |
| Pennsylvania Insurance Guaranty Association | 128,763 | 11,282 | 14,103 |
| Pennsylvania Life and Health Insurance Guaranty Association | 45,503 | 69,883 | 71,326 |
| Pennsylvania Medical Society | 23,816 | 8,634 | 8,453 |
| Pennsylvania Professional Liability Joint Underwriters | 58,275 | 8,852 | 3,727 |
| Pennsylvania State Education Association | 22,988 | 30,829 | 31,033 |
| PGA Tour, Inc. | 199,157 | 174,111 | 171,341 |
| Portland Cement Association | 13,745 | 10,486 | 13,439 |
| Printing Industries of America, Inc. | 9,711 | 8,954 | 9,576 |
| Public Securities Association | 11,124 | 13,310 | 12,297 |
| Realtors National Marketing Institute of the National Association of Realtors | 9,958 | 7,043 | 7,546 |
| Regional IDC of Southwestern Pennsylvania | 111,673 | 18,241 | 19,231 |
| Retail Merchants Association of Greater Richmond | 26,024 | 2,233 | 2,287 |
| Rhode Island Automobile Insurance Plan | 15,638 | 3,768 | 3,372 |
| Rhode Island Insurers Insolvency Fund | 14,785 | 19,882 | 14,680 |
| Savings And Community Bankers of America | 28,290 | 22,394 | 24,377 |

(continued)

Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| Savings Banks Life Insurance Fund | 17,592 | 10,858 | 10,367 |
| Securities Investor Protection Corporation | 734,867 | 73,450 | 16,850 |
| Self Insurers Security Fund | 21,465 | 6,589 | 5,078 |
| Semiconductor Equipment and Materials International | 15,222 | 17,349 | 16,457 |
| Semiconductor Research Corporation | 10,491 | 35,028 | 35,620 |
| Sheet Metal and Air Conditioning Contractors' National Association | 9,492 | 5,437 | 6,048 |
| Snake River Power, Inc. | 14,485 | 1,333 | 1,330 |
| Society for Human Resource Management | 14,404 | 15,433 | 14,848 |
| South Carolina Property and Casualty Insurance Guaranty Association | 9,705 | 4,001 | 3,264 |
| State Medical Society of Wisconsin | 10,288 | 4,633 | 4,542 |
| Tennessee Insurance Guaranty Association | 13,354 | 1,845 | 1,620 |
| Texas Life Accident Health and Hospital Service Insurance Guaranty Association | 63,062 | 75,747 | 27,989 |
| Texas Medical Association | 28,721 | 12,601 | 12,286 |
| Texas Property And Casualty Insurance Guaranty Association | 91,068 | 120,515 | 97,641 |
| Textile Hall Corporation | 21,350 | 4,539 | 2,042 |
| The American Society of Anesthesiologists | 21,889 | 13,922 | 11,318 |
| The Association of Trial Lawyers of America | 13,235 | 15,144 | 16,531 |
| The Council for Tobacco Research-USA, Inc. | 15,111 | 25,666 | 25,491 |
| The Economic Development Partnership of Alabama | 28,497 | 14,829 | 3,599 |
| The Hospital Association of Pennsylvania | 194,846 | 7,200 | 7,695 |
| The Medical Society of the District of Columbia | 9,990 | 2,153 | 2,033 |
| The National Association of Life Underwriters | 13,135 | 18,466 | 22,341 |
| The Professional Golfers' Association of America | 44,090 | 32,647 | 29,902 |
| The Society of the Plastics Industry, Inc. | 28,419 | 77,212 | 76,310 |
| Uniform Code Council, Inc. | 49,007 | 10,372 | 4,636 |
| United States Tennis Association, Inc. | 74,862 | 82,235 | 90,747 |
| University Research Park, Inc. | 14,953 | 1,815 | 1,281 |
| Virginia Property And Casualty Insurance Guaranty Association | 13,579 | 2,109 | 6,997 |

(continued)

Appendix III
Assets, Revenues and Expenses of the
Tax-Exempt Organizations Included in This
Study

Dollars in thousands

| Name of organization | Assets | Revenues | Expenses |
|--|---------------|-----------------|-----------------|
| WACO Industrial Foundation | 12,149 | 209 | 275 |
| Wisconsin Insurance Security Fund | 13,870 | 14,602 | 11,062 |
| Wisconsin Workers Compensation Insurance Pool | 224,116 | 125,086 | 103,487 |
| York County Industrial Development Authority | 226,400 | 483 | 446 |
| York County Industrial Development Corporation | 15,728 | 1,045 | 996 |

Source: GAO analysis of IRS data.

Category and Type of Tax-Exempt Organizations Under IRC Section 501(c)

| Section 501 (c) category | Types of tax-exempt organizations |
|---------------------------------|--|
| (1) | Corporations organized under an act of Congress and operated as an instrumentality of the United States, for example, Federal Deposit Insurance Corporation. |
| (2) | Title holding corporations organized to hold title to property of a tax-exempt organization, collect the income, and deliver the net proceeds to the exempt organization. |
| (3) | Entities organized and operated exclusively for religious and charitable, scientific, testing for public safety, literacy, or educational purposes, or for the prevention of cruelty to children or animals, or to foster amateur sports. |
| (4) | Civic leagues or organizations operated exclusively for the promotion of social welfare or local associations of employees (earnings devoted to charitable, educational, or recreational purposes). |
| (5) | Labor, agricultural, and horticultural organizations organized to provide education and instruction on improving working conditions and products. |
| (6) | Business leagues, chambers of commerce, real estate boards, and professional football leagues organized to improve business conditions. |
| (7) | Clubs organized for pleasure and recreational purposes. |
| (8) | Fraternal beneficiary societies and associations organized to provide for the payment of life, sickness, accident or other benefits to members and operated under a framework of self-governing branches chartered by a parent organization. |
| (9) | Voluntary employee beneficiary association providing for payment of life, sickness, accident or other benefits to members of the association. |
| (10) | Domestic fraternal societies and associations operated exclusively for social, educational, religious, scientific, charitable, and fraternal purposes under a framework of self-governing branches chartered by a parent organization. |
| (11) | Teachers' retirement fund associations organized on a local basis. |
| (12) | Benevolent life insurance associations; mutual companies, such as electric, irrigation, and cooperative companies organized on a local basis. |
| (13) | Cemetery companies owned and operated for the benefit of their members and not operated for profit. |
| (14) | Nonprofit credit unions and mutual reserve funds providing loans to members and reserve funds for domestic building and loan associations, cooperative banks and mutual savings banks, (mutuals must have been organized before 9/1/57). |

(continued)

**Appendix IV
Category and Type of Tax-Exempt
Organizations Under IRC Section 501(c)**

| Section 501 (c) category | Types of tax-exempt organizations |
|---------------------------------|--|
| (15) | Mutual insurance companies or associations, with net premiums not more than \$350,000 providing insurance to members (other than life companies). |
| (16) | Cooperative organizations established to finance crop operations. |
| (17) | A trust or trusts providing for the payment of supplemental unemployment benefits. |
| (18) | A trust providing for the payment of benefits under a pension plan funded by employees, created prior to 6/25/59. |
| (19) | A post or organization promoting the welfare of past or present members of the Armed Forces. |
| (20) | An organization or trust providing legal services as part of a qualified group legal services plan. |
| (21) | A trust or trusts organized to meet black lung disability and liability claims. |
| (22) | Pension plan withdrawal liability trust created to provide funds to meet payments under section 4223(c) or (h) of the Employee Retirement Income Security Act of 1974. |
| (23) | Veterans' insurance associations created to provide insurance and other benefits to member veterans. |
| (24) | Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974. |
| (25) | Title-holding companies with 35 or fewer entities exempt under IRC section 401 and 501(c)(3) and governmental units. |

Source: IRC.

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